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Three Sides Hold Talks at Geneva Conference

LD0301173693 Belgrade TANJUG Domestic Service in Serbo-Croatian 1420 GMT 3 Jan 93

[Excerpts] Geneva, 3 Jan (TANJUG)—Talks in the framework of the political working group of the Geneva Conference on Yugoslavia are proceeding in two ways today—in a plenary session and in bilateral meetings of the three leaders from Bosnia-Hercegovina.

At today's second session of the political group, the participants were presented with two maps—yesterday's one proposed by the cochairmen of the Geneva conference on former Yugoslavia, Cyrus Vance and Lord David Owen, and a map proposed by Alija Izetbegovic. Sparks flared in the very beginning of the talks. The leader of the Bosnian Croats, Mate Boban, objected to the name of Izetbegovic's proposal. The Muslim leader presented his map as a proposal for the state of Bosnia-Hercegovina. Boban believes that this is only a proposal of the Bosnian Muslims.

Izetbegovic had the most objections to Vance and Owen's map. His map shows that Muslims are demanding, for example, that Sarajevo province be broadened, as well as Posavina, Tuzla, and Cazin provinces. Izetbegovic sometimes supported his proposal with reasons such as direct bus lines between certain places. As could have been expected, Izetbegovic's position on the future territorial and administrative division of Bosnia-Hercegovina has not been accepted by Mate Boban and Radovan Karadzic. The two of them believe that Vance and Owen's map, dividing Bosnia-Hercegovina into 10 provinces, is the basis for talks which should lead to a solution acceptable to all three nations. [passage omitted]

The Muslim side [in the military working group] insisted that UN observers be deployed on the border between the Federal Republic of Yugoslavia [FRY] and Bosnia-Hercegovina. They explain their demand by "Yugoslavia's assistance in arms to Serbs in Bosnia." They cited the example when, as they claim, several tanks recently crossed the border from Yugoslavia to Bosnia near Bratunac. The Yugoslav representative reacted, resolutely denying the claim. He recalled that Yugoslavia had earlier suggested that observers be deployed at Yugoslav airports and said that Yugoslavia had nothing against the border with Bosnia-Hercegovina being monitored.

The Yugoslav representative in the military group suggested that an order should immediately be sent from Geneva to Bosnia-Hercegovina to close down all prison camps and release prisoners. The chairman of the military group, UNPROFOR [UN Protection Force] main commander Satish Nambiar, accepted the proposal with satisfaction. Others kept quiet, which could be interpreted as a sign of approval.

Talks of the two groups—political and military—continue late this afternoon in Geneva.

Vance, Owen Optimistic

LD0301211593 Belgrade TANJUG in English 2040 GMT 3 Jan 93

["Pool" item]

[Text] Geneva, Jan 3 (TANJUG)—Cochairmen of the international conference on former Yugoslavia Cyrus Vance and Lord David Owen on Sunday [3 January] expressed satisfaction and optimism about the atmosphere at the Geneva talks on Bosnia-Hercegovina. At a press conference in the Palais des Nations in Geneva they pointed out the serious and useful discussions over the past two days and their civilized tone.

Lord Owen said the fact that all negotiators are truly prepared to help towards the cessation of hostilities was a good sign. He said that the international community was looking forward to a speedy solution from the Geneva talks, and said that the conflicting sides were aware of it and were ready for a compromise, seeking help from the cochairmen and entrusting them with the role of arbitrators.

The fact that the three sides have agreed to talk together and that they cooperate is a big surprise, said Lord Owen. He pointed out the importance of the success of bringing the three sides together in the initial stage of negotiations to discuss "what they have to discuss"—a cease-fire. However, Lord Owen declined to comment on U.N. Secretary-General Butrus-Ghali's recent statement that the Geneva talks were the last chance for peace. He said he did not know whether the talks were the last chance, but what he knew was that they were very important and that a solution had to be found.

Vance said that, regardless of the differences in view, all participants would stay on to talk until an understanding was reached. He said that the talks were not ordinary and that a kind of marathon talks should be expected. Vance argued that the proposed constitutional arrangements for Bosnia-Hercegovina were leaving a possibility of border changes but only if all three sides agreed.

Answering journalists' remarks about the proposed division of Bosnia-Hercegovina into provinces, Lord Owen said that such a division was making possible to live together and was preventing Bosnia's division on the ethnic principle.

Vance, Owen Present Plan

AU0201134293 Paris AFP in English 1313 GMT 2 Jan 93

[Text] Geneva, Jan 2 (AFP)—The following is the 10-point constitutional framework proposed Saturday [2 January] by peace negotiators Cyrus Vance and Lord Owen [cochairmen of the Geneva Conference on Yugoslavia] to leaders of the three warring Bosnian parties at their first direct summit here.

It calls for international monitoring devices to remain in place until the three sides agree by consensus to end them.

1—Bosnia and Hercegovina shall be a decentralized state, with most governmental functions carried out by its provinces.

2—The provinces shall not have any international legal personality and may not enter into agreements with foreign states or with international organizations.

3—Full freedom of movement shall be allowed throughout Bosnia and Hercegovina.

4—The constitution shall recognize the three major "ethnic" groups as the constituent units of the state, as well as a group of "others".

5—All matters of vital concern to any of the constituent units shall be regulated in the constitution, which as to these points may only be amended by consensus of these three units; ordinary governmental business is not to be vetoable by any constituent units.

6—The provinces and the central government shall have democratically elected legislatures and democratically chosen chief executives and an independent judiciary. The Presidency shall be composed of three representatives each of the three constituent units. The initial elections are to be U.N./E.C./CSCE (United Nations, European Community and Conference on Security and Cooperation in Europe) supervised.

7—A constitutional court, with a member from each group and a majority of non-Bosnian members initially appointed by ICFY (International Conference on Former Yugoslavia), shall resolve disputes between the central government and any province, and among organs of the former.

8—Bosnia and Hercegovina is to be progressively demilitarized under U.N./E.C. supervision.

9—The highest level of internationally recognized human rights shall be provided for in the constitution, which shall also provide for the ensurance of implementation through both domestic and international mechanisms.

10—A number of international monitoring or control devices shall be provided for in the constitution, to remain in place at least until the three constituent units by consensus agree to dispense with them.

Izetbegovic Rejects Confederation

LD0401131893 Zagreb Radio Croatia Network in Serbo-Croatian 1200 GMT 4 Jan 93

[Text] On the third day of the Geneva Conference on former Yugoslavia, Franjo Tudjman, head of the Croatian delegation, and his associates held talks with Bosnia-Herecegovina President Alija Izetbegovic and Bosnian Foreign Minister Haris Silajadzic. Asked at the end of the meeting whether he will accept the confederal principles for Bosnia-Hercegovina, Izetbegovic replied very briefly: No.

As far as a cease-fire is concerned, Izetbegovic said that it is possible under one condition—that the heavy artillery be withdrawn. Izetbegovic also said that he discussed the proposed map of Bosnia-Hercegovina with Franjo Tudjman, adding that corrections are needed to the current plan and that chetniks have to withdraw from the areas they have occupied.

Presidents on Talks

LD0301203093 Zagreb HTV Television in Serbo-Croatian 1830 GMT 3 Jan 93

[Video report from Geneva by foreign affairs editor Jozo Curic, including recorded remarks by Croatian President Franjo Tudjman, Yugoslav President Dobrica Cosic, Bosnia-Hercegovina President Alija Izetbegovic, Herceg-Bosna Croat Community President Mate Boban, and Bosnia Serb Republic President Radovan Karadzic]

[Excerpts] [Announcer] The Geneva negotiations resumed today. President Tudjman met President Cosic. Two working groups, for military and political affairs, also met. Bilateral talks were also held. A plenary session started at 1700. We have a report from Geneva by our foreign affairs editor, Jozo Curic.

[Curic] [passage omitted] Croatian President Tudjman had talks with Dobrica Cosic, who is making peacemongering statements. The Croatian president says they discussed the well-known blueprints put forward by [word indistinct], Vance, and Owen.

[Tudjman] We have agreed to exert influence on delegations of Croats and Serbs to reach an agreement between themselves and with the Muslims, so that the conference will yields results. Unfortunately, there are some statements that these proposals, put forward by the cochairmen and Ambassador (Atisaari), were not acceptable. This point was made by some Muslim representatives. We believe that everything should be done to ensure that the conference yields results and that the war ends and that preconditions for normalizing relations and for peace are created.

[Curic] President Cosic urges a solution to, as he calls it, the Serb-Croat question. He wants Bosnia as a confederation.

[Cosic] We urge the principle of a confederal Bosnia, a confederation of the three constinutive nations, and, on the basis of this principle, a territorial solution for Bosnia.

[Curic] The Muslim side raised written objections to the proposed map of Bosnia. We have learned from diplomatic sources that they asked for changes to be made in the Brcko area, in the Drina basin, and in province

number five. Muslims demand large parts of Sarajevo to be under their control and also want parts of the Banja Luka province.

[Izetbegovic] A democratic state which is not divided along national lines, and, regarding military issues, the main thing is the withdrawal of heavy weapons and their placement under the control of international forces. These are our two conditions: political and military.

[Curic] Bilateral meetings between Izetbegovic and Boban and between Izetbegovic and Karadzic were held this afternoon. Negotiations lasted hours. The map and the principles of peace put forward by Vance and Owen were discussed in detail.

[Izetbegovic, at news conference] Sarajevo remains a province like others, but we are prepared to make a little concession regarding a small part of the city, where government institutions and buildings would be and which would be uder a special regime.

[Curic] And following a meeting between Muslims and Serbs:

[Mate Boban] I believe that others are still somewhat irrational.

[Karadzic] In the broadest sense, we accept the conference proposals and I think that we are heading in a good direction.

[Curic] [passage omitted]

Participants Discuss Talks

AU0301202693 Belgrade RTB Television Network in Serbo-Croatian 1830 GMT 3 Jan 93

[Statements by Dobrica Cosic, president of the Federal Republic of Yugoslavia; Franjo Tudjman, president of the Republic of Croatia; Radovan Karadzic, president of the Serbian Republic; and General Ratko Mladic, commander of the army of the Serbian Republic; in Geneva, date not given—recorded]

[Text] [Cosic] Regarding Bosnia-Hercegovina, we have a united stand. We support the principle of a confederal Bosnia, a confederation of the three peoples, three constitutive peoples, and a territorial solution for Bosnian that would also be based on that principle. Judging by everything, this will not be easy to realize; judging by everything, the Muslim side insists on its own solutions that are contrary to Croatian and Serbian views and intentions. However, the negotiations have begun, and I want to believe that the Muslim side will also realize that our proposal is in fact democratic and peace-loving and that it will suit the interests of the Muslim people, too. As I personally, the Serbian side, and the Yugoslav side are concerned, in any case we will never demand any solution that would bring injustice to the Muslim people or the Croatian people.

[Tudjman] We have agreed to influence the Croatian and Serbian delegations to reach a mutual agreement with the Muslims with a view to helping the conference bring results, for, unfortunately, there are some statements that the proposals that the cochairmen and Ambassador Artisaari made in their drafts are unacceptable. Such statements have been heard from some representatives of the Muslims, and we think that everything should be done with a view to having the conference bring results, to having the war end, and creating prerequisites for a normalization, that is, for peace.

[Karadzic] In the broadest sense, we accept the proposals of the conference, and I think that we are going in the right direction.

[Mladic] Well, I think that we are moving toward peace. We will do everything for the initiatives and proposals made by General Nambiar to be realized. We are going to give our full support to these proposals.

Karadzic Says Compromise Possible

LD0201122693 Belgrade TANJUG Domestic Service in Serbo-Croatian 1117 GMT 2 Jan 93

[Text] Geneva, 2 Jan (TANJUG)—[Bosnian] Serb President Radovan Karadzic said prior to the commencement of the Geneva talks that the attitude of the international community towards the sides in the conflict will show whether it has indeed decided that the war in Bosnia-Hercegovina must end.

"If it has, the war will end," Karadzic told TANJUG.z "If their attitude is balanced—if the one-sided defamation of the Serbs and encouragement of the other side to war is ended—we can hope for peace," Karadzic stressed.

Although the cochairmen of the international conference on the former Yugoslavia are insisting on their own proposal for the constitutional organization of Bosnia-Hercegovina, which sees the republic divided into seven to 10 regions within the present borders and rejects the confederal model of the three state communities, "a compromise is possible that would move toward meeting the demands of all sides," Karadzic considers.

Karadzic believes that any imposed solution would lead to the existence of four or five sides in the conflict, with the EC and United Nations taking sides in the conflict instead of being mediators. He believes that the Muslim side must be discouraged. The Muslim side must be told that it cannot have the entire Bosnia- Hercegovina under its domination. "If this happens, the meeting in Geneva may mark the beginning of long, perhaps very difficult negotiations, but there will, at any rate, be negotiations."

Under these circumstances, the weapons could be laid down and talks could continue on both territorial and constitutional issues, Karadzic said.

Mladic Expects 'Positive Results'

LD0201131993 Belgrade TANJUG Domestic Service in Serbo-Croatian 1157 GMT 2 Jan 93

[Text] Geneva, 2 Jan (TANJUG)—Lieutenant Colonel General Ratko Mladic, commander of the Serb Republic's army, told TANJUG today that he "expects some positive results" from the talks in Geneva.

Asked whether he believes the Muslim side will agree to negotiations this time, General Mladic replied: "The mixed army commission made some progress. I expect they understand that nothing can be achieved by waging war and that they will not realize their military goals."

The Serb side has come to Geneva with a "peaceful proposition," Mladic said, recalling that on 18 December the Serb Republic's assembly adopted a declaration on the end of the war.

The commander of the Serb forces in Bosnia-Hercegovina said that foreign military intervention, which he thinks the Muslims are trying to provoke at any price, would only deepen the crisis, cause greater uncertainty, and produce even more victims.

"There are no reasons for intervention, unless one wants to further complicate the situation and turn the Bosnian conflict into a European or international one." Should this happen, however, "we will not just sit back in silence and watch while people suffer," Mladic said.

Muslims Criticize Croatian Stance

LD0201121993 Belgrade TANJUG Domestic Service in Serbo-Croatian 1104 GMT 2 Jan 93

[Text] Geneva, 2 Jan (TANJUG)—In circles close to the Bosnian Muslims who have come to Geneva, great dissatisfaction is being expressed with the stand of the Croats in the Bosnia-Hercegovina conflict. Fingers are being pointed above all at Mate Boban and Franjo Tudjman.

The Muslims have most to fear from the outcome of the Geneva talks which began this morning at the Palais des Nations. It is being said that their fear is being strengthened by certain indications pointing to the conclusion that the Croats will accept the so-called Lisbon document signed in April 1992 with the mediation of Portuguese diplomat [Jose] Cutileiro. According to that document, all three nations in Bosnia-Hercegovina have the right to self-determination, which in practical terms means that this former Yugoslav republic would be organized on confederal and not unitary principles.

The Lisbon document was accepted in April by the Muslims, but they strongly rejected it immediately afterwards. They now fear that with Croat acceptance they would be left isolated and faced with a "fait accompli."

The Muslims are also dissatisfied with the behavior of the Croats on the Bosnia-Hercegovina battlefield. It was being said in Geneva today that they are accusing the Croats of being increasingly "less active" on the battlefield, of not assisting the Muslims and of exclusively looking after their own affairs.

Belgrade Radio Reports on Talks

AU0301183493 Belgrade Radio Beograd Network in Serbo-Croatian 1400 GMT 3 Jan 93

[Report by Milorad Denda from Geneva]

[Text] A live diplomatic negotiating activity is under way in the Palace of the Nations in Geneva. The conference on peace in Bosnia-Hercegovina that was opened yesterday has entered the stage of patient bilateral talks on the details of the territorial and administrative division of Bosnia-Hercegovina that was offered by Conference's cochairmen, Cyrus Vance and Lord Owen, yesterday. Therefore, the delegations of Bosnian Serbs and Muslims will meet for the first time since the beginning of the war to talk about the offered map of Bosnia-Hercegovina. This fact that negotiations are being held and that concrete talks have opened about the future constitutional setup, that the military working group, as Lord Owen has put it, is seriously negotiating putting an end to hostilities, is considered by many people to be the most significant achievement made at this summit to date.

This extensive diplomatic activity also includes today's meeting between Dobrica Cosic, president of the Federal Republic of Yugoslavia, and Croatian President Tudjman at the Croatian President's initiative. Cosic and Tudjman had a tete-a-fete talks for about one and half hours and were joined by their associates for the last 15 minutes. As we have learned, the Yugoslav and Croatian presidents have remained at their recent principled agreement about the confederal setup of Bosnia-Hercegovina and as mediators want on that basis to contribute to territorial solutions for the proposed provinces. They are also of the opinion that the state setup [struktura] in Bosnia-Hercegovina should be the confederation of three peoples. The topic of Serbian-Croatian relations were also touched upon, and the joint conviction was that controversial issues should begin to be solved.

In a statement he made for the Croatian Television and the Belgrade Television after the talks, President Cosic pointed out that the crisis in Bosnia-Hercegovina can be solved only on the basis of an agreement of the three constitutive peoples, so that Bosnia-Hercegovina will be a confederation. He said that the problem lies in the fact that Muslims fail to accept this basic idea, something that can be seen in the negotiations. Such a Muslim stand is contrary to the interests of the other two peoples, Cosic said and expressed hope that a solution will nevertheless be found in a democratic dialogue. Regarding the Federal Republic of Yugoslavia, it wants a solution that would be just for all three peoples, Cosic said.

Both working groups of the conference, political and military, met this morning. The political group continued the debate about the map and territorial division of Bosnia-Hercegovina and the military group, which includes military commanders of all three sides, discussed an end to hostilities, control of heavy weaponry, separation of forces, renewal of communal services, and the so-called blue corridors [put] that would serve to bring humanitarian aid. In the political group, Alija Izetbegovic presented his proposal of the map with nine provinces in which he expanded Cazin Province eastward, added Brcko to Tuzla Province, so the province will have access to the Sava River, joined Sarajevo and Zenica Provinces, and created a new Gorazde Province to which he added Cajnice and Rudo, thereby closing a corridor between eastern Hercegovina and Serbia.

Mate Boban, head of Bosnian Croats, reacted immediately saying that what is involved there is a proposal by the Muslim side and not by the state of Bosnia-Hercegovina. Taking part in the debate, Boban also pointed out Alija Izetbegovic's inconsistency in presenting criteria for setting borders to individual provinces.

Radovan Karadzic demanded that more bilateral talks be held, which was accepted. He then presented many remarks about the proposed borders of the provinces, particularly Tuzla-Gorazde and Posavina Provinces. He said that Alija's map is unacceptable but that all details will be discussed at bilateral meetings. Radovan Karadzic is of the opinion that great progress was made in the negotiations by the very fact that details of the maps are being discussed. Regardless of big differences, everybody shows a desire to negotiate, and the Serbian side will negotiate all until a solution is reached, Karadzic said.

Speaking at a news conference, the cochairmen of the conference, Vance and Owen, said that they are satisfied with the negotiations so far. Vance deems this to be a serious discussion, and although sharp differences are evident, the negotiations are useful and held in a calm and civilized manner. Owen says that the beginning is better than they expected it to be, particularly regarding the tone and contents of the discussions. They announced that after they are interrupted on Tuesday [5 January] due to the Orthodox Christmas, the negotiations at the top level will resume around 10 January.

Owen Submits Map of Newly Demarcated Republic

LD0201162093 Belgrade TANJUG Domestic Service in Serbo-Croatian 1439 GMT 2 Jan 93

[Text] Geneva, 2 Jan (TANJUG)—The proposal by the two chairmen of the conference on former Yugoslavia, Cyrus Vance and Lord David Owen, about the future geopolitical division and set-up of the former Yugoslav republic attracted most attention of both participants and journalists in the Palais des Nations where the talks on Bosnia-Hercegovina began today. On behalf of the two chairmen, David Owen submitted the map of the future demarcation of Bosnia-Hercegovina at the plenary session today.

There are 10 provinces on the map. The first comprises the cities of Cazin, Bosanski Novi, and Velika Kladusa. The second and biggest province (Banja Luka province) encompasses the area from Bosanska Gradiska in the north to Bosansko Grahovo in the south. Bosanski Petrovac is in the west, Banja Luka in the center and Teslic in the east. The third province (Posavina province) comprises Bosanski Brod, Derventa, Orasje. The fourth province is envisaged to be in northeastern Bosnia-Hercegovina. It comprises Brcko and Bijeljina. The fifth province (Tuzla province) is in the Tuzla region. The sixth is around Sekovici, and it will also comprise the region of Cajnice and Bileca and Nevesinje. The seventh (Sarajevo province) will comprise Sarajevo and its surroundings. The eighth province (Mostar province) will be in the region of Mostar, Konjic, Capljina, and Neum. The ninth province encompasses the region of Maglaj, Tesanj and Zenica. Finally, the 10th province encompasses Travnik, Bugojno, Kupres, Livno, and Duvno.

Vance and Owen propose that the provinces be linked by five major corridors which will be controlled by the UN Protection Forces, but they did not rule out the possibility of some other international forces—without specifying whose forces—keeping control as well. The control will make possible the free movement of people and goods between provinces, but it will prevent the dispatch of arms.

The first corridor will go from Banja Luka, run through the third province and end in Bijeljina. The second goes from Bihac to Livno, the third from Ljubinje to Neum, the fourth from Sekovici to Han Pijesak, and the fifth from Pale to Kalinovik.

Vance and Owen propose that all provinces, except Sarajevo province, have their own executive authorities. Concerning the Sarajevo province, the capital, Sarajevo, has been envisaged to be given the status of an "open city".

Four Maps Presented

LD0301133593 Belgrade TANJUG in English 1255 GMT 3 Jan 93

["Pool" item]

[Text] Geneva, Jan 3 (TANJUG)—Talks on the former Yugoslav Republic of Bosnia-Hercegovina continued in Geneva on Sunday [3 January] with the discussion of four maps. Conference cochairmen Lord Owen and Cyrus Vance put one map on the table on Saturday and the other three were offered by the leaders of the three Bosnian nations—Croat Mate Boban, Moslem Alija Izetbegovic and Serb Radovan Karadzic.

The maps are expected to be the largest bone of contention, since the Vance-Owen proposal to divide Bosnia-Hercegovina into ten provinces is assessed to suit the Croats the most, the Moslems much less and the Serbs the least.

These issues are discussed by the political group, in whose work Yugoslav President Dobrica Cosic and Croatian President Franjo Tudjman are taking part in addition to Boban, Izetbegovic and Karadzic.

Another group, made up of the military commanders of Croat, Moslem and Serb forces in Bosnia-Hercegovina, as well as military experts from Yugoslavia and Croatia, is simultaneously in session.

Moslems urge a unitary Bosnia because, being the most numerous population, they would then dominate this former Yugoslav republic.

The military group is to reach an agreement on an end to war but firm political decisions are needed for the cessation of hostilities.

The Geneva talks are still in the stage of feeling out the other side. None of the participants have put all their cards on the table yet and the negotiating process is expected to continue.

The beginning of the talks was marked by cautious optimism, which is strengthened by the fact that none of the involved sides have tried to block them yet.

The fact that all participants in the talks have tacitly accepted Cosic's diagnosis that the Bosnian war is ethnic, religious and civil in character is also encouraging.

It also seems that everyone here is realizing that the international community made fatal mistakes concerning former Yugoslavia, by inconsistently urging the principle of self-determination and by obstinately insisting that a Serbian aggression on Bosnia-Hercegovina was in question.

Reaction to Proposed Map

LD0201203093 Sarajevo Radio Bosnia-Hercegovina Network in Serbo-Croatian 1800 GMT 2 Jan 93

[Report by correspondent Mujo Delibegovic from Geneva]

[Excerpt] [Passage omitted] After the first round of talks, the leaders of the delegations made brief statements. [Bosnian] President Izetbegovic believes that the proposed document differs considerably from the stands of Bosnia-Hercegovina, which is why he will lodge a complaint. Concerning the proposed maps, he said that they are inconsistent and that they take account of the ethnic principle, mainly in connection with the Serb side. We have always denied the ethnic principle, Izetbegovic said, adding that Vance and Owen had to make a concession to the Serb side, as they admitted.

Izetbegovic also stressed that members of the delegations are sitting at a square table, and that the delegations of Bosnia-Hercegovina and the Croatian community of Herceg-Bosna are on one side, but that the aggressor side has not been spoken to and no direct contacts have been made.

[Croatian President] Franjo Tudjman said that the proposed map is basically acceptable to his delegation, and [Yugoslav President] Dobrica Cosic said that peace should be restored and that he believes this will be achieved.

Karadzic considered the talks as a good beginning, although he referred to the map presented earlier by the Serb side in which Bosnia-Hercegovina belongs mainly to Serbs. He left a little bit to the Muslims and part of Hercegovina to Croats. [passage omitted]

More Reaction to Proposal

LD0201221093 Belgrade TANJUG Domestic Service in Serbo-Croatian 1751 GMT 2 Jan 93

[Excerpt] Geneva, 2 Jan (TANJUG)—The chairman of the political working group at the Geneva talks, Finnish diplomat Marti Atisaari, said this afternoon after the first round of the group's talks that he was encouraged by the discussion. At the same time, he warned that there was not much time, and that it was therefore necessary for all three sides in the talks to aim for compromise.

Today's first meeting of the political group was dedicated to the proposed map and the constitutional set-up of Bosnia-Hercegovina. The three leaders voiced their complaints about the map, as was expected, but they are still willing to negotiate on the basis of the document.

The leader of the Bosnian Croats, Mate Boban, said at the group's meeting that the map was "a solid basis" for negotiations between the representatives of the three nations. Concerning details about the map and the constitutional setup, Boban suggested that bilateral talks be held.

The president of the Serb Republic [of Bosnia-Hercegovina], Radovan Karadzic, supported the suggestion about holding bilateral talks. Marti Atisari, who does not reject bilateral talks under the condition that the third side is informed about them, reacted to this.

Radovan Karadzic's main complaint about the proposed map is that, as he said, it was drawn without the consensus between the three nations. In addition to this, he noted the Lisbon agreement of thisd past spring, according to which populated places are the demarcation for the map, not former municipalities.

Alija Izetbegovic voiced several complaints about the map. He requested that the principles of the territorial division be established first, and the map drawn up only after that. Izetbegovic was very reserved about the proposal that Sarajevo be given free city status. As he said, he was surprised by the proposal, so he informed his

collocutors that he would present his position on Sarajevo as one of the provinces in writing tomorrow.

The three leaders had complaints about the boundaries of the 10 provinces. The complaints mainly referred to the ignoring of the ethnic principle. [passage omitted]

Karadzic Urges 'Considerable Changes'

LD0201171493 Belgrade TANJUG Domestic Service in Serbo-Croatian 1536 GMT 2 Jan 93

[Text] Geneva, 2 Jan (TANJUG)—In the first reaction to the proposed map and the 10 constitutional principles of the future geographical and political solution for Bosnia-Hercegovina, Radovan Karadzic, president of the Serb Republic [of Bosnia-Hercegovina], said that "the map is material to work with" and it therefore merits comment.

At first glance, it can be seen that the map must "undergo considerable changes", Karadzic said, specifying that it is necessary to define the principles on the basis of which the two chairmen presented their proposal today. Radovan Karadzic stressed, however, that the conference should certainly continue.

'No Progress' in Karadzic-Izetbegovic Talks

LD0301222593 Belgrade TANJUG Domestic Service in Serbo-Croatian 2015 GMT 3 Jan 93

[Text] Geneva, 3 Jan (TANJUG)—The first meeting between Radovan Karadzic, president of the [Bosnia-Hercegovina] Serb Republic, and Alija Izetbegovic, the leader of Bosnia's Muslims, which lasted four hours, ended this evening without any major progress in work on a new map of Bosnia-Hercegovina.

A joint view as expressed by Cyrus Vance and Lord Owen, the cochairmen of the international conference on former Yugoslavia, who coordinate the negotiations, and by Radovan Karadzic, is that no great progress has been made but that there are prospects for a solution acceptable to all sides to be found in due course.

After the first session between the two delegations, Alija Izetbegovic said briefly: "No progress."

Assessing the several hours of negotiations between the two delegations, Cyrus Vance said: "We were not able to make much progress. We managed to narrow the gap between the views on many of the territories, but there are two disputed ones, and the negotiations will continue until they are resolved."

Lord Owen is of the view that, regardless of the existing gap, the basic concept of a Bosnia-Hercegovina divided into provinces was accepted and that, in fact, views on a whole number of provinces have been harmonized and an agreement reached on their borders.

"Although swords are being crossed about the borders of two disputed provinces, this does not mean that the negotiations are in any way blocked," Vance and Owen said almost in unison.

Owen explained that the solution is to be found in a map drawn up by the cochairmen and that it is only a question of time before both sides accept it.

Vance and Owen confirmed that throughout the meeting the Serb and the Muslim sides talked peacefully without emotional tension in putting forward their arguments.

Owen, however, drew attention to the Bosnian Serbs' "hard" attitude which, as he put it, was not surprising since the Serb side's disagreement with the maps had been known for months.

Summing up the first meeting between the two delegations since the war in Bosnia began, Vance said that despite two or three major problems, the meeting was "crowned by considerable progress."

Radovan Karadzic, who was the last to leave the the conference hall, said that many of the territories on the map are in no way controversial and are in fact acceptable as territories in which either Croats, Muslims, or Serbs would live. However, there are several areas which still need to be discussed, he said.

The leader of the Bosnian Serbs stressed that the sides talked about territorial issues as if there were no war. Asked if he is prepared to make territorial concessions, Karadzic said: "These are constitutional rather than territorial issues, and we are now discussing territories only."

Karadzic said: "The biggest progress is in the fact that we are sitting in the same room talking," and went on to note that "only a few days ago this would have been unthinkable."

The disputed territories can absolutely be resolved if there is readiness on both sides to make concessions, Karadzic said.

Asked how he felt sitting for the first time opposite a Muslim delegation, Karadzic said: "I do not feel a grain of hatred or anger. In my view we have all had bad luck. We must therefore persevere and resolve our misfortune as soon as possible. Although the steps we made today are small, I believe that we are making progress in the right direction."

Karadzic on Talks

AU0301221293 Belgrade Radio Beograd Network in Serbo-Croatian 2100 GMT 3 Jan 93

[Report by Milorad Denda from Geneva]

[Excerpt] The second day of the summit on Bosnia-Hercegovina at the Palace of Nations in Geneva was marked by bilateral meetings of the leaders of the three peoples of Bosnia-Hercegovina. Talks were held by Alija

Izetbegovic and Mate Boban, Radovan Karadzic and Mate Boban, but the most attention was attracted by the meeting of Serbian and Muslim delegations headed by Radovan Karadzic and Alija Izetbegovic, which lasted four hours this afternoon. This was the first time since the breakout of war that the leaders of the Serbian and Muslim peoples in Bosnia-Hercegovina have met at the same negotiating table, and this fact is seen by many people to be the greatest achievement of today's meeting.

After the four hours of talks, Alija Izetbegovic said that there had been no progress, Radovan Karadzic said that there had been some progress, and cochairmen Vance and Owen, who chaired the two delegations' meeting, said that there had been some progress. Vance added that the two sides brought closer their stands about defining several provinces but that three disputed ones remain, and the most problems involve defining them territorially. He failed to say which provinces are involved. He hopes that an agreement will nevertheless be reached soon.

Radovan Karadzic also points to the importance of the fact that the two delegations held direct talks for almost four hours.

[Begin recording] [Karadzic] What we have now is a new day of work at this conference. Mostly maps were discussed the whole day, and in my opinion, the success lies in the fact that we broached territorial issues, we broached them in bilateral talks at which in principle we agreed with the Croats that we have the right to the territorial corridor, to the [word indistinct] corridor in Posavina and that we are going to agree on this right with them. Some mutual concessions will probably be made.

Regarding the Muslims, they have also agreed to a bilateral meeting with Serbs with the presence of the cochairmen and Mr. Atisaari. We spent the whole of the afternoon, that is, from 1500 until now, working with the Muslims. We spent four hours, including short breaks, working on disputed territorial issues. We have come to the conclusion, that is, realized, that Bosnia should nevertheless be reorganized on the basis of an ethnic-territorial principle.

[Unidentified reporter] Who proposed that?

[Karadzic] Well, I think that Mr. Izetbegovic drew a conclusion from what was happening, that he drew a conclusion himself, (?and) it seems to me that we tacitly somehow started discussing this ethnic and territorial principle. We do not propose that, but if the situation is such, we accept that it be discussed.

There are several disputed territories. Several disputed territories are being discussed. What we can say is that there is great progress in the whole situation: We have realized that several territories are indisputably Serbian, others are indisputably Croatian, and others indisputably Muslim. There are also several disputed territories that must be settled with mutual concessions and certainly in a peaceful way without war.

[Reporter] This means that (?this proposal) is essentially different from what was proposed by Marti Atisaari [head of Geneva conference working group on Yugoslavia], that is, the cochairmen.

[Karadzic] I want to express our great gratitude to cochairmen Mr. Vance and Lord Owen, and to Ambassador Atisaari for refraining from imposing solutions. This is the right road. They should be our mediators, they do not have their own stands, they are not imposing solutions but trying to find a minimum common denominator in what we are doing. I think tat the only road to success is that our mediators are impartial and that they have no interests of their own but rather respect the interests of the three peoples. [end recording] [passage omitted]

Tudjman, Cosic Meet Behind Closed Doors

LD0301114293 Belgrade TANJUG in English 1056 GMT 3 Jan 93

[Text] Geneva, Jan 3 (TANJUG)—Yugoslav President Dobrica Cosic and Croatian head of state Franjo Tudjman met in Geneva on Sunday [3 January] morning.

The two presidents talked tete a tete behind closed doors.

Cosic and Tudjman previously met on December 28 last year in Geneva. They then agreed that it was high time for the war in Bosnia-Hercegovina to end and that the resolution to the crisis should be political. Both then said they maintained that the republic's future lied in a confederacy of the three Bosnian constituent nations.

Cosic and Tudjman are acting as mediators in the peace talks on Bosnia-Hercegovina, which opened in Geneva on Saturday.

Tudjman, Cosic on Talks

LD0301142393 Zagreb Radio Croatia Network in Serbo-Croatian 1200 GMT 3 Jan 93

[Text] Today's meeting held in Geneva's Palais des Nations between Croatian President Franjo Tudjman and Yugoslav President Dobrica Cosic lasted almost two hours. In a statement after the meeting, President Tudjman said that he and Cosic discussed the proposals put forward at the conference concerning the solution to the Bosnia-Hercegovina crisis, and that they agreed to exert influence on the delegations of Croats and Serbs from Bosnia-Hercegovina to reach an agreement with the Muslims in order that the conference be successful. Unfortunately, there have been statements claiming that the proposals of the conference cochairmen were not acceptable to the Muslims. However, we believe that everything should be done to ensure a positive outcome of the conference and consequently the end of the war in Bosnia-Hercegovina, thus creating conditions for the normalization of relations and the establishment of peace, the Croatian president stressed.

Dobrica Cosic, President of the Federal Republic of Yugoslavia, said that he and Tudjman discussed ways of resolving the Croatian-Serbian issue, and both wished that a peaceful solution to the centuries-long tragic conflict between the two nations can be found as quickly as possible. As for Bosnia-Hercegovina, Cosic continued, our view is identical—the principle of a confederation, i.e., the principle of the confederation of the three constituent nations and a territorial solution for Bosnia-Hercegovina based on the same principle.

Military Leaders Meet in Geneva

LD0201223093 Belgrade TANJUG Domestic Service in Serbo-Croatian 2002 GMT 2 Jan 93

[Text] Geneva, 2 Jan (TANJUG)—At the first meeting of the military within the Geneva Conference [on Bosnia-Hercegovina], it was agreed in principle that ending the war was the essential issue.

However, it seems that the activity of this group, consisting of the highest military representatives of the three warring sides in Bosnia-Hercegovina, Croatia, and Yugoslavia, is handicapped because there are still no political decisions.

It has been learned from conference sources that the meeting of military representatives started in an atmosphere of mutual distrust and attempts to name the aggressor.

The cessation of hostilities was the first issue raised at the talks coordinated by UNPROFOR [UN Protection Force] commander Lieutenant Colonel General Satish Nambiar, attended by Lord Owen and occasionally by Cyrus Vance [cochairmen of the Conferenc eon Yugoslavia]. This part of the meeting ended with the standpoint "that nobody is against this in principle."

Huge doubts were expressed regarding the supervision of heavy artillery. Muslim forces commander Sefer Halilovic was determined, stressing that there can be no discussion about this without artillery being withdrawn 30 km from the frontline.

The Serb Republic army commander, General Ratko Mladic, stressed that Bosnian Serb heavy artillery is already supervised by UNPROFOR, and he demanded that the same should be done with Muslim and Croat military forces.

A consensus was reached regarding the separation of the military forces, but under the condition that it is preceded by a political decision on the cessation of hostilities.

Mutual accusations arose during the discussion about the repair of the infrastructure of Sarajevo and other towns in Bosnia-Hercegovina.

The military representatives accepted establishing communication links via the so-called "blue roads," which were proposed by Vance and Lord Owen at today's plenary session, but only if their political leaders make a decision about it first. Vance's proposal refers to three roads: Sarajevo-Pale, Sarajevo-Zvornik, and Sarajevo-Mostar, although certain sides proposed other roads.

The issue of the demilitarization of Sarajevo reached a deadlock regarding the concept of lifting the blockade. Owen therefore suggested that the problem should be solved in phases and that Sarajevo should be demilitarized section by section.

Today's first meeting of the military commanders of the three warring sides in Bosnia-Hercegovina was marked by the demand of President Tudjman's military adviser, Anton Tus, and Muslim commander Sefer Halilovic to balance out the forces in Bosnia- Hercegovina, or specifically, to put the Serb forces under control or expose them to foreign military intervention.

General Ratko Mladic demanded that the Croatian-Muslim agreement on a military alliance be annulled. General Anton Tus not only did not deny the existence of such an alliance, but admitted that the Croatian army coordinates activities with the Muslim forces in border areas. He announced that such activities would continue.

As the circles of the conference interpret this, the fact that Gen Tus admitted and announced further activities represents a potential danger that the war might continue.

Although this group did not discuss maps, we learned from sources close to the military delegations that they are inadequate from the military point of view.

It was noted that, according to the division, the Serb nation in Bosnia-Hercegovina will lose its homogeneity and will de facto become surrounded by the Croatian state. The same circles estimate that the proposed map of Bosnia-Hercegovina would give Croats more territory than realistically belongs to them.

U.S. Reportedly To Delay No-Fly Zone Request

LD0301120293 Belgrade TANJUG in English 1032 GMT 3 Jan 93

[Report by Nebojsa Magdeski]

[Text] London, Jan 3 (TANJUG)—Washington is prepared to temporarily put off its request to the Security Council to permit the enforcement of the no-fly zone over Bosnia-Hercegovina, well-informed British sources said on Sunday [3 January]. The U.S. has changed its stand under pressure from Europe, which wants to give the Geneva conference a chance to find a way out of the crisis in Bosnia-Hercegovina.

Russian President Boris Yeltsin told his U.S. counterpart George Bush in Moscow yesterday that a "more balanced approach" to the crisis in former Yugoslavia and the Bosnian war had to be found, which is interpreted as Russia's opposition to Washington's intention to insist on "punishing Serbia", British heralds said.

Washington is prepared to wait until mid-January before it asks the Security Council to hold a session and discuss the enforcement of the no-fly zone, diplomatic sources in London said.

The first day of talks in Geneva on Bosnia's fate has made minimum headway, British dailies, however, said.

Most commentators said the chief obstacle was Bosnian Moslem leader Alija Izetbegovic, who obviously believes in a Western military intervention and is not interested in finding a solution at the moment. He will probably try and prolong the talks until the deadline the Islamic countries gave the United Nations to find a solution expires. The deadline is January 15.

The possibility of the British Government yielding to U.S. pressures and supporting a limited military intervention in Bosnia-Hercegovina has caused a lot of anxiety in London.

A lot of Conservative MPs [members of parliament] asked Prime Minister John Major and Foreign Minister Douglas Hurd to explain why Britain suddenly adopted a sharper position and indications that British troops might take part in a military action in Bosnia-Hercegovina.

The British Parliament's Foreign Policy Committee will discuss these questions at its session this week and Hurd will then have to outline the government's latest Bosnian policy, the SUNDAY TELEGRAPH writes.

Most MPs fear that the British Government has begun yielding to U.S. pressures for a military intervention and insist that British troops only play a "peace-making" part within the U.N. "blue helmet" ranks.

Dumas Comments on Progress of Talks

LD0301111493 Paris France-Inter Radio Network in French 1000 GMT 3 Jan 93

[Text] Negotiations continue in Geneva on the former Yugoslavia. The peace plan, which provided for the creation of 10 provinces in Bosnia, was rejected by the Muslim president of Bosnia. The Serbs' leader, for his part, has talked about a good start. French Foreign Affairs Minister Roland Dumas said that the three presidents had asked him for France's support in the peace efforts that have begun. Roland Dumas said he was pleased that, for the first time, at least all the parties in the war are talking to each other:

[Begin recording] It is a good thing that everybody agreed to come. It is also a good thing that nobody has left. Of course, the points of view are still very far apart, and my meetings have allowed me to measure the distance that still separates the various delegations. Everybody agrees to admit that the proposition—the proposal introduced by the two cochairmen—deserves to exist. I found the Bosnian delegation blocking this text. I insisted strongly, however, that they continue their work—if need be with a counter proposition—and I think progress can be made in the next few days. [end recording]

Cosic Receives Dumas

LD0301081193 Belgrade TANJUG Domestic Service in Serbo-Croatian 2110 GMT 2 Jan 93

[Text] Geneva, 2 Jan (TANJUG)—Yugoslav President Dobrica Cosic received French Foreign Minister Roland Dumas tonight to discuss ways to establish peace in Bosnia-Hercegovina and problems concerning Kosovo and Macedonia.

The collocutors agreed that the principle of recognizing the right of a nation to self-determination should never be given up.

The Yugoslav president explained to the French minister that the international community had committed a number of mistakes when it recognized Bosnia-Hercegovina. It recognized the right to self-determination, but when "the Bosnia-Hercegovina file" was opened, it denied the same right to Serbs in the former Yugoslav republic.

President Cosic noted another mistake, which is the definition of the war in Bosnia-Hercegovina. Cosic said that "as long as Serbs are named as aggressors, the war in Bosnia-Hercegovina will not stop."

Cosic noted: "If Yugoslavia could not survive as a strong decentralized federation, how can anyone have the illusion that Bosnia-Hercegovina can survive as a unitary state?"

The Yugoslav president requested that solutions not be imposed on the nations in Bosnia-Hercegovina from outside or by force and stressed that the nations in Bosnia-Hercegovina must be the only ones to decide about the solution.

According to Cosic's estimate, constitutional demarcations must be made in Bosnia-Hercegovina, and life itself will then regulate relations between nations that live in it.

The French foreign minister explained that the French standpoint toward the Yugoslav crisis is determined by France's positions in the Balkans, as a member of the EC and as a traditional friend of the Serb nation.

Expressing his understanding for this standpoint, President Cosic stressed that France should keep its active role in the Balkans.

Responding to Dumas' remark about the alleged Serb bombardment of Sarajevo, President Cosic said France should publish UN Protection Force reports in its media. Cosic said that these reports were held up for inexplicable reasons.

Cosic and Dumas agreed that ethnic cleansing existed on all three sides. Cosic asked the French foreign minister to

urge his country to talk about the ethnic demonization of the Serbs. Cosic said that journalistic reports about the Serb nation were pure racism.

Regarding the Macedonian question, the Yugoslav president reiterated that the FRY respects Macedonian borders but that it also demands that the rights of Serbs in Macedonia be respected.

Cosic agreed that the situation in Kosovo was not good for either the Albanian or the Serb sides, but he stressed the fact that Albanians, oriented toward secession, do not exercise their constitutional rights.

Describing the situation in Bosnia-Hercegovina as serious, the French foreign minister asked the Yugoslav president to stay at the Geneva Conference, more precisely to be its permanent member and to exert his influence on Bosnian Serbs to accept a compromise.

Tudjman Meets With Dumas

LD0201231493 Zagreb Radio Croatia Network in Serbo-Croatian 2200 GMT 2 Jan 93

[Text] The president of the Republic of Croatia, Franjo Tudjman, held talks with French Foreign Minister Roland Dumas for almost one hour in Geneva this evening. President Tudjman informed the French minister about Croatia's stands on the political solution to the crisis in Bosnia-Hercegovina and the map of the future territorial division of Bosnia-Hercegovina. French Foreign Minister Roland Dumas will pass on the Croatian stands to President Francois Mitterrand, who is to meet American President George Bush in Paris tomorrow.

Cochairmen: Dumas Moves 'Untimely'

LD0301161193 Paris France-Inter Radio Network in French 1400 GMT 3 Jan 93

[Text] Asked about Roland Dumas' meetings with the presidents of Bosnia, Yugoslavia and Croatia, the Bosnia conference mediators, Cyrus Vance and Lord Owen, earlier let it be known that they judged the French foreign minister's initiative to be untimely. Lord Owen stated that the Presidency of the European Community is at present held by the Danes, and that a Danish representative is present throughout the conference on Bosnia.

Mitsotakis, Butrus-Ghali Discuss Macedonia

NC0101195793 Athens Elliniki Radhiofonia Radio Network in Greek 1800 GMT 1 Jan 93

[Text] Prime Minister Konstandinos Mitsotakis paid a swift visit to Geneva, where he met with UN Secretary General Butrus Butrus-Ghali late this afternoon to discuss the general course of the Yugoslav problem and the Skopje [capital of Macedonia] issue in view of the 4 January discussion on Skopje's application for UN membership. Elli Triandafillou, Hellenic Radio Television correspondent in Geneva, reports:

[Begin recording] The winds of war that are blowing menacingly over the Balkans hastily sent Prime Minister Konstandinos Mitsotakis to Geneva today. Greatly worried by developments, the prime minister asked to meet with UN Secretary General Butrus Butrus-Ghali. The meeting between the two men, which took place at 1630 Geneva time after they talked on the phone, was the result of the unpleasant ascertainment that war is approaching the Balkans.

The Greek prime minister [words indistinct] appeared very worried, having made the evaluation that we are increasingly slipping towards military intervention, which Greece rejects and considers very dangerous. Yesterday the UN secretary-general, in an effort to forestall unpleasant developments, sent a written report to the UN Security Council expressing his deep concern that military action against Serbia would undermine peace efforts and lead to escalation of the war. It should be noted that Butrus-Ghali will meet tomorrow with the leaders of the warring sides in Bosnia, and his talks with the Greek prime minister, who knows Balkan problems well, is considered valuable.

After all, Mitsotakis currently has first-hand information on Serbian intentions because Greek Ambassador in Belgrade Elevtherios Karayiannis has held contacts for four days with the political leaders of Serbia and the new Yugoslavia. [words indistinct]

Referring to the Skopje issue, the prime minister said that its application for UN membership will be on the agenda of the Security Council's 4 January meeting in New York and that the Skopje problem probably will be one of the issues discussed. The prime minister's impression, however, is that things will not be sped up and there [words indistinct]. The prime minister is certain we will intervene at the United Nations—where, he said, we will be present through Foreign Minister Mikhail Papakonstandinou—while at the same time, Greece is determined to take all necessary measures dictated by its national duty in case developments are unfavorable for Greece.

As the prime minister has stated, a file containing Greece's positions has been conveyed to the UN Security Council members. The prime minister termed the task that will face the inter-party committee which will go to New York as positive, because Greece's united presence will pass the message of national unity. It should be noted that the prime minister will meet with President Karamanlis at 1200 on Monday [4 January] and has said that he also may meet with the party leaders. [end recording]

Meksi Receives Italian Parliamentary Delegation

AU0101133593 Tirana ATA in English 0911 GMT 31 Dec 92

[Text] The Premier Aleksander Meksi received on December 30 the Italian parlamentarian delegation led by Mr. Gastone Savio, chairman of the Defence Commission.

During the meeting, they talked of the questions of the Balkan region, the crisis in former Yugoslavia and the dangers of the possible escalation of the war in Macedonia and Kosova. They voiced the readiness of both countries to overcome the possible situations.

Mr. Meksi underlined once more the stand of Albania to avoid any situation that may be created in our region and the all sided activity of the government to influence in international institutions and in the countries of the European Community to stop the conflict in Bosnia Hercegovina and the prevent its extension. Premier Meksi underlined the aid that Italy has given and is giving to Albania in this difficult situation. He valued the contribution of Pelican Operation in Albania describing it as a concrete expression of the friendship between our two countries.

Members of the delegation showed concern in certain questions related to the situation in the Balkans and in Albania, on which Mr. Meski made explanations.

Zhulali Meets With Italian Legislators

AU0101134093 Tirana ATA in English 0915 GMT 31 Dec 92

[Text] The Minister of Defence Safet Zhulali received on December 30 the delegation of the Italian parlamentarians led by the Chairman of the Defence Commission of the House of Deputies of the Italian Parliament Mr. Gastone Savio. Mr. Zhulali pointed to the aid the Italian people have rendered and are rendering to the Albanian people in this period of transition and the special contribution of the Pelican Operation.

Then he told the Italian guests on the actual work for the further development of the democratic processes, especially the promotion of the reform in the Army by restructuring it and by increasing the defence potential of the country. In these conditions, there is a need of assistance on the part of Italy in order that reformation and restructuring of the Albanian Army, as a long and difficult process, be normally carried out.

The Albanian minister of defence dwelt also on the tense situation in the region, confirming that Albania, through its new policy, attacks nobody and demands good relations with the neighbours. It is intensively working so that the tense situation in former Yugoslavia be solved through dialogue and in a peaceful way.

Mr. Gastone Savio underlined that Italy is supporting Albania in the international organizations because the geographic position, the sense of democracy and peace it has are important in the international context as well. Concerning the conflict in former Yugoslavia, he underlined the fact that some way should be found in order to prevent the war and to give assistance to the peoples who are making sacrifices and being killed.

Then the Albanian minister of defence told the Italian parlamentarians of the stand Of albania in case of extension of the conflict in Kosova and broader.

Berisha Says Balkan War 'Very, Very Likely'

AU3112093792 Rome ANSA in English 0815 GMT 31 Dec 92

[Text] (ANSA) Tirana, December 30—Albania is ready to defend the Albanian population in the Yugoslav enclave of Kosovo should Serbia also try to initiate "ethnic cleansing" in that part of the world, according to Albanian head of state Sali Berisha today during a meeting with an Italian delegation.

The house Defense Committee delegation is in Albania to visit the contingent of almost 1,000 men engaged in Operation Pelican to help distribute Italian and European Community food and medical aid to the poverty-stricken country.

"I will do everything possible to avoid a conflict, but if (Serbian strongman Slobodan) Milosevic begins any purges in Kosovo, we will be ready to act. I believe a Balkan war is very, very likely at this time," Berisha told the visiting Italians.

The Albanian president asked the delegation to urge Italy to push for United Nations [words indistinct] be sent to Kosovo where some three million Albanians live. Berisha likened Serbia's Milosevic to Iraq's Saddam Husayn and said that the concentration camps the two set up proved they were of the same ilk.

The defense committee, led by chairman Gastone Savio, also gathered further cause for alarm over relations between Albania and Serbia when it met with Albanian Defense Minister Safet Zhulali.

Zhulali called for a total ban on skies over Serbia so that no Serbian military planes could be used against helpless civilian populations.

The delegation heard similar concerns voiced during a meeting with Pieter Arbnori, elected speaker of the Albanian parliament after having spent 28 years in jail under the old communist regime.

In another of the delegation's encounters, Albanian premier Alexander Meksi explained that the Albanian population is still far from having achieved food self-sufficiency. For this reason, Italian and other international aid is crucial, he said.

Rome has earmarked 218 billion lire (155 million dollars) for Albania over the next two years, which will

primarily be used to build infrastructures and boost the country's food industry. Around 60 percent of Albanians work on the land.

The postwar communist regime in Albania left it on the sideline of modern Europe. Its annual pro capita income is currently in the neighborhood of between 300 to 400 dollars and all its infrastructures are obsolete.

The fall of the communist system, however, also resulted in a 50 percent drop in industrial and agricultural production with disastrous social consequences.

The economic crisis in Albania also resulted in a mass exodus of refugees to Italy which came to a head in the summer of 1991 and, then President Francesco Cossiga went to Tirana to try and find a solution.

In order to help resolve the dire situation in Albania, Italy embarked on the emergency aid program named "Operation Pelican," employing the use of the Italian military to distribute Italian and European Community aid to Albania.

One month ago, Italian Foreign Minister Emilio Colombo and his Albanian counterpart Sereqi hammered out a new program to guide Albania towards a market-style economy.

Throughout their meetings with Albanian officials, the Italians were warmly thanked for Operation Pelican.

Since September of 1991, Italian soldiers have distributed 162 tons of aid sent in by Italy; 124,000 tons made available by the European Community and another 22,000 tons provided by other countries.

Thanks Italian Delegation

AU0201155093 Tirana ATA in English 0911 GMT 31 Dec 92

[Text] Tirana, December 31 (ATA)—On December 30, the President of the Republic Sali Berisha received the delegation of the Defence Commission of the Italian Parliament led by Gastone Sanio, chairman of this commission. Expressing his thanks for the possibility of having such a meeting, the leader of the delegation laid the stress on the friendly relations existing between the Albanian people and the Italian people in all the fields and the need to continue these relations and to help the newly established democracy in Albania in the future too.

Expressing his gratitude to the Italian Government and people for the support they have rendered to Albania in this stage, President Berisha said that inspite of the great difficulties, we are making efforts that here, too, a democratic society be set up on the basis of the same principles this society has been built in other democratic states, Italy included.

Speaking on the threat of the extension of the conflict in former Yugoslavia, the president pointed out that responsible for this tense situation in the Balkans is Milosevic with the Serb leadership, towards whom international community should adopt a more resolute stand.

Berisha Warns of Balkan War at NATO Meeting

AU0401084793 Tirana RILINDJA DEMOKRATIKE in Albanian 19 Dec 92 p 1, 2

[Speech by President Sali Berisha at NATO Meeting; place and date not given: "NATO—A Spiritual Ally and Powerful Protector of Albanians"]

[Text] Honorable Dean of the North Atlantic Treaty Organization and Honorable ambassadors,

I avail myself of the opportunity to express my great assessment about the vital contribution that NATO has played as a military organization of the European and North American democratic countries in securing peace and democracy. However, NATO has simultaneously been a powerful protector in securing the development of the democratic assets in the East Europe, something that brought about the destruction of the Iron Curtain and the fall of the Berlin Wall. The fall of the communist regimes in East Europe presented the need to give new dimensions to international organizations and institutions, especially that of NATO. This organization has become a point of reference for every individual and people who believed in democracy for half a century of terrible sufferings and who, calm and sure as you are, want to develop the universal democratic assets on which your societies have been erected.

Your Excellencies, many things separated people in the West and East for half a century, but all of them, perhaps beyond our anticipations, experienced times of great changes and downfalls. The overthrow of dictatorships in Europe, other than in Serbia, is a great event for all mankind. The changes really had great dimensions. The greatest dimension was perhaps the speed of their development. To whom would it have occured three or four years ago that the head of the Albanian state would speak at a NATO meeting? That is why I am very happy today to address you as a representative of a reborn Albania. My country is building a society upon those universal assets and principles on which all your democratic societies and states have been built. It is building a society that is based on the respect for the basic freedoms and rights of the individual, state, and the right.

Mr. Chairman, as you know, Albania of the past was the garden of experiments of the pre-Noachian ideas of Stalin and Mao Zedong carried out by Enver Hoxha. His dictatorship sank the country into the deepest isolation and filled it with bunkers that were nothing but knots to develop and support the pre-Noachian psychology of isolation and surrender. Nevertheless, with bravery and wisdom, Albanians left all these to their bitter past. Under the conditions of a great isolation, they managed to create in 1990, two years ago, the first opposition party, the Democratic Party. They experienced a very difficult and, in many aspects, a destructive transition. They suffered from pursuit, persecution, hunger, and

diseases, as did no other country. However, their confidence in a democratic future always grew. In the 22 March elections the Democratic Party won about two to three of the seats in parliament, whereas the Albanian opposition about 72 percent of the general votes.

This victory, which as far as I know, has no parallel in the East Bloc, primarily expressed the great will of the Albanian people and their determination to develop or put the Albanian society above the universal values and principles of the democratic societies.

The power and government that emerged from the 22 March elections inherited a country in chaos and anarchy, an economy in complete decay, and paralyzed institutions. To achieve their goal, they chose as the sole way the political, economic, and institutional reform in less than eight months for a safe and encouraging beginning. Thus, the public order and calm have been completely restored, and criminality has been considerably reduced. In the economic field, after signing the standby agreement with the IMF, prices were liberalized, inflation fell by 40 percent, land privatization was carried out in 90 percent of the land area, the decrease in production was stopped, and production started to experience a slight increase. It is very important to stress that the confidence of Albanians in the road they have started and in the country's management is higher than in any other eastern country. It seems that those who have suffered more know to highly assess the achievements of democracy.

In our foreign policy we have aimed and continue to aim at overcoming as soon as possible the consequences of the severe isolation and starting the process of the country's integration into Europe. For this reason we have expanded our cooperation with all your democratic countries and other countries in the region. We are observers in the Council of Europe and in other European and international forums. Albania will strictly apply all agreements signed, thus affirming its own European identity. It is known that every dictatorship is primarily a military society, and this is not in the function of the country's defense, but in that of defending the dictatorship and the dictator. For this goal at the beginning, despite the difficult situation in the Balkans, we started the reform that was accompanied by a fundamental change in the strategy of the country's defense, a reduction in the Army forces, the increase of its quality, and the establishment of its cooperation with the armies of the neighboring and NATO countries.

Mr. Secretary General, since their creation, the democratic forces in Albania have given an extraordinary importance to Albania's cooperation with NATO. For this reason, I have the pleasure to present Albania's request for membership in NATO. I avail myself of the opportunity to ensure you that for a long period of time Albanians have considered NATO to be their spiritual ally and powerful protector, however paradoxical this may seem. In the beginning of the 1960's, Albania was the only country that departed from the Warsaw Treaty. The communist propaganda of old Albania presented both alliances to be great dangers for Albania. The Albanians, however, never believed this. At that time we really believed that the aggressive Warsaw Treaty would attack Albania to fulfill its imperial ambitions. However, we knew that it was NATO that prevented such a thing. Thus, when we created the Democratic Party, we did not need to be convinced on the assets of the Atlantic Alliance. That is why membership into NATO was one of the main goals since the party's creation. No East European opposition acted in such a way. This was not a party political position but a desire of the Albanian people. I hope that for this factor Albanians should be treated apart from the other peoples.

On the other hand, allow me to remind you here that Albania has never presented a serious danger to the NATO member countries. Albania's membership would give the Alliance a geographical dimension with small sizes, but a strategically important one. I hope and believe that these factors will be examined and assessed by NATO members.

Mr. Chairman, we are meanwhile encouraged by the cooperation and understanding already established between Albania and NATO. In this aspect I would consider Albania's acceptance in the North Atlantic Cooperation Council to be very important. I want to thank NATO for the important meeting I held in Munich a month ago with Secretary General Woerner, for the visit of the chief of your Political Department in Tirana and that of other delegations, and for the visit of the chief of our Army General Staff in NATO's Headquarters and in the High European Command in Stuttgart. Of the same importance in our relations is the agreement signed lately between the Albanian Government and NATO on cooperation of our Navy fleets in the Albanian territorial waters to strengthen the embargo of the United Nations. I hope and believe that with this visit of mine, your future visit to Albania, and the visit of the chief of the NATO Staff will prepare Albania's full membership into the North Atlantic Alliance.

Ladies and gentlemen, for several minutes I want to attract your attention to sad events in former Yugoslavia. What we see everyday on television about Bosnia is the greatest tragedy that Europe has experienced since World War II. The Serbian aggressors are committing the forewarned murder of the Bosnian nation through massacres, concentration camps, massive rapes, mutilations, etc. The lack of weapons does not allow the Bosnian people to defend themselves. The fall of Sarajevo will be a black day not only for those who are dying, but also for "winners." Later on it will create a big problem for all those who look at the tragedy from a distance that so far seem to be safe. This city is becoming a "black hole" in the European galaxy that is swallowing the assets and principles that Europe believes in. In my opinion the majority of Christians should in no way allow the extermination of the Muslim minority, something that would widen the gap between the Western world and the Islamic one.

Milosevic is determined to fulfill his territorial ambitions. The suspensions by the United Nations and the CSCE have not impressed Milosevic. The blockade, which had practically harmed other countries more than Serbia itself, has not brought any relevant difficulty in supplying the Serbian Army with fuel. Moreover, such measures have historically never attained major political goals.

I would put my hopes in a democratization of Serbia. One can always find a common language and reach an acceptable compromise with a democratic state. However, I remain skeptical about the victory of the democratic forces in the 20 December federal elections.

I highly assess the efforts by the Conference of London, Geneva, and Istanbul and those of the cochairmen of the peace conference, Lord Owen and Cyrus Vance. They have energetically tried to bring the sides nearer and reach agreement. However, the lack of progress is evident.

We have come to a point today in which the danger of the war expansion has become imminent. The Bosnian nation is being exterminated. In the Serbian scenario, Kosovo and Macedonia will be the next step.

In Kosovo, which is more than 90 percent inhabited by Albanians, the Serbian military and premilitary forces are provoking the civil population in a way to incite conflict.

Still not internationally recognized, Macedonia has become a time bomb. We have supported its independence and territorial integrity. We have also supported the participation of Albanians, who make up about 35 percent of the population, in the Macedonian Government.

That is why Albanians, wherever they live, are determined to be a factor of peace and stability. However, I would like to stress that despite our desire to build a democratic society, the threat is increasing day by day, and ethnic cleansing may even begin in Kosovo. Albania cannot and is not prepared to tolerate such a thing. There is a great possibility of a Balkan war starting. I greet the Security Council decision on intervention in Somalia, where allied troops are putting an end to a national tragedy. I also greet the Council's fair decision to station troops in the Republic of Macedonia. However, I can assure you that the location of these troops at the Albanian border is wrong. Nevertheless, we accept it if this favors the country's stability. There is no threat from Albania to Macedonia and vice versa. These two countries are working to create a climate of peace and stability in the region.

In my opinion, these troops should be stationed in Kosovo, too, because a Serbian attack against Albania and Macedonia will come from Kosovo. I would like to mention that the Serbs started two Balkan wars in this century because of Macedonia. I cannot imagine that they would have left this country outside the map of Greater Serbia. The still unrecognized Macedonia is threatened with becoming prey to partition. For Albanians, a political solution acceptable by all is necessary to bring peace to Kosovo and the region.

On this occasion I want to ensure you that Albania and Albanians are not at all asking for a Greater Albania. All they ask for is to have the rights anticipated in the CSCE agreements and the other international acts. The Greater Albania is only a product of the Milosevic's fantasy to create the symmetry of tension and justify his policy, that of Greater Serbia.

Dear Chairman, finally I would like to say that I consider very important the lifting of the arms embargo against Bosnia. The Bosnian people should have their right to self-defense. I praise the UN troops for all they do there. In fact, for that people it is better a terrible end than a terror without end. I want to assure you again that Albania and Albanians will work for peace and stability. All we ask for is to defend ourselves against the threat of war. We are working for a Balkan integration and are trying to establish relations with all neighboring countries.

Thank you.

Minister Uka, Italians Discuss Joint Cooperation

AU3012191392 Tirana ATA in English 1111 GMT 30 Dec 92

[Text] Tirana, December 30 (ATA)—Rexhep Uka, deputy premier and minister of agriculture and nutrition, met on December 29 with the Italian delegation of Abruzzi region, headed by Mr. Romano Ferrauto, deputy of the Social Democratic Party of Italy.

During the meeting they discussed on the cooperation and links this region will establish during 1993 with two to three mountainous districts of Albania in the field of agriculture, food industry, and development of the handicraft activities in these zones.

The Italian delegation expressed his desire to receive during January 1993 a group of representatives of the mountainous districts of Albania, who will materialize the fields of cooperation with the region of Abruzzi.

Meksi Updates Government Program's Main Concerns

AU0201154893 Tirana ATA in English 0922 GMT 2 Jan 93

[ATA report: "Interview of Premier Meksi to the Newspaper RILINDJA DEMOKRATIKE"]

[Text] Tirana, January 2 (ATA)—In his interview to the newspaper RILINDJA DEMOKRATIKE on the eve of the new year, Premier Meksi points out among other things that the ongoing results of his government's performance are clear, beginning with the law and order,

the launching of the reform, resumption of production, the first steps in investments and constructions.

Premier Meksi says that the government presented the parliament with its programme, which includes also the implementation of the reform in keeping with the agreement reached with the IMF. The reasons for its agreement with the IMF are: its support and above all the guarantee it provides for the European Community and Albania's partners to help Albania. The results in this direction are good. The fact that from the European Community we received the first part of its contribution worth 35 million ECU [European Currency Units] means that it considered the reform fruitful and its results in conformity with the agreement with IMF.

Regarding privatisation, Premier Meksi said that steps have been made in this direction. Most important is the privatisation of agriculture, in which 65 percent of the Albanian population is engaged. The efficiency of this branch of the Albanian economy will surely make possible the privatisation of small trade, small transportation. This will be performed on the basis of the plan the government has committed itself to realise within the first three months of this year in the food industry, trade, construction, communication, and broader.

Speaking of foreign investments, Mr. Meksi said that they are an indispensable premise for a ruined economy as this of Albania to create new enterprises and renovate the existing enterprises from the technological point of view. In this direction work should still be done in two directions: in simplifying the procedures and in creating a legal system to guarantee the foreigners in their investments.

Regarding the question of the land's ownership, Premier Meksi said that for the government this questions is solved. The government cannot act against this promise given to the electors. As regards to the changes promised in the amendments to the Law on the Land and that on Returning the Houses, Shops, etc., to Their Owners, we have clearly expressed ourselves and the government has prepared the draft laws to be submitted to the parliament.

The Albanian diaspora, Mr. Meksi says, is helping and can still help with the continuation of the reform as investors, political supporters, or political mediators. We say it has been fruitful, but much more should be done. Through the double citizenship, through its favouring the Albanian element, the government has surely done something.

Discusses Reform, Corruption

AU0201204293 Tirana Radio Tirana Network in Albanian 1830 GMT 2 Jan 93

[Interview with Prime Minister Aleksander Meksi by Arben Karapici; place and date not given—recorded]

[Text] [Announcer] The beginning of the administrative reform remains one of the primary duties of the democratic government in the coming year. The fight against corruption will also continue as a permanent constant in the government's work, according to Prime Minister Aleksander Meksi in an interview with our reporter, Arben Karapici. Let us follow the interview:

[Meksi] We are working with the World Bank for a general restructuring of the Albanian administration. At the same time, all those who during these months gave evidence that they are not devoted—in the good sense of the word, not in the sense used until recently—do not want to engage themselves in reforms, have their mind on other things, either political or other private business matters, have no place in the state administration. They will be dismissed. On the other hand, the government has issued a decision that the staff of the budgetary institutions will be reduced by about 10-20 percent to the benefit of the increase of incomes for investments and other valuable works.

[Karapici] Mr. Meksi, what about the fight against corruption?

[Meksi] Alongside its main duty of making general inspections, the State Control Commission is working in this direction. We intend to make a general analysis by the middle of January on how this is being worked in with the presidential decree, whether or not this work has started, and when we think this will bring results. Unfortunately the corruption will accompany the market economy, just the same as the struggle against it will constantly prevail in the government's work.

EC Assistance Projects Boost Reforms

AU0301150093 Tirana ATA in English 0917 GMT 3 Jan 93

[Text] Tirana, January 3 (ATA)—For some months now Albania has been included in the Tempus program of cooperation among the 12 EC countries and some East European states. About 50 projects have been worked out with priority fields such as the market economy, business, tourism, justice, hygiene, environment, technology, agriculture, food, didactics, and informatique. Nine projects are being applied in the restructuring of higher education and the science in Albania with 3.5 million ECU [European Currency Units] for the 1992-93 school year. About 100 teachers of the country's universities and some distinguished senior students have gone or will leave this month for qualification in foreign countries. The EC adopted recently a fund of about 2 million ECU on this purpose. For the 1992-93 school year, five to six supplementary projects will be elaborated and about 100 teachers will get two to four months qualification abroad.

The head of the Tempus office in Tirana, Mr. Jovan Therencka, told the ATA reporter that recently the EC adopted a broad program of research-scientific cooperation for Albania to the tune of about 1.5 million ECU.

This program includes over 100 scholarships on researches for three go six months, a joint project worth 350,000 ECU, and a connection with cost project to the tune of 50,000 ECU. This program will start to be realised this month. Other projects will be adopted further on because demands for projects and scholarship are even greater.

The aid of 3.5 million ECU the EC has invested on the Albanian higher education and science will increase the level of teaching and researches in the universities and research-scientific institutions of Albania. So far, the demands of Albanian specialists have been contemporary. The percentage of the scholarships has been the greatest in East Europe. The fund given should be efficiently used to the benefit of the personal interest and work of individuals as well as to the benefit of a group or sector, chairs, or departments, to the benefit of a great number of university and post university students.

Republicans Issue Petition 'Recognizing Ownership'

AU3012171292 Tirana ATA in English 1320 GMT 28 Dec 92

["Petition of the Albanian Republican Party"—ATA headline]

[Text] Tirana, December 28 (ATA)—The National Council of the Albanian Republican Party has recently decided to open the signing of an all-national petition on recognizing ownership.

This council reports that the rallies of October-November 1992 testified to the desire and demand of a good part of electors that the recognition of ownership be the axis of the reform of the democratic state.

The signing of the petition, upon the initiative of the Republican Party branches in the districts, has begun in all the districts and will be extended to every peasants' commune and city quarter.

The Republican Party invites the Association of the Political Persecuted, the Association Ownership by Justice, the Independent Trade Unions, and all the political parties of the democratic wing to accept the principle of ownership, cooperate in the campaign to carry out the petition, the National Council of the Republican Party says in its report.

ATA Review Cites 1992 Economic Gains

AU0301145893 Tirana ATA in English 0911 GMT 3 Jan 93

[Text] Tirana, January 3 (ATA)—The New Year was joyfully celebrated, everyone carrying the impressions of 1992, as the year of the great democratic march, as the year of the efforts by all for the economic stability of Albania, to create a good social and political climate. The past year will go down in the history of the Albanian people also as the year when the economic reform started and Albania was introduced into the market economy.

One of the important achievements which were a result of the application of this reform is the reduction of the budgetary deficit. Liberalization of the prices brought about a considerable increase of agricultural production, 16-21 percent. Freed from the taxes, the peasant had the possibility to produce and judge on the selling price himself. In the meantime, liberalization of trade created a lively market in Albania. It was a result of the fact that foreign trade was not any more a monopoly, it was an important measure taken by the democratic government. Many economic enterprises started their activity during the last year. This was due to the paying of the internal debts in the enterprises which was made possible with the intervention of the IMF and the World Bank. Despite the difficulties the economy is passing, inflation has been kept under control. In November last year it was 3.5 percent.

The economic reform is in its beginnings. The agreements reached during 1992 with various countries of the world, big and small firms, or with individuals will be realised this year.

President Zhelev Gives New Year Address

AU3112182192 Sofia BTA in English 1746 GMT 31 Dec 92

[Text] Sofia, December 31 (BTA)—The outgoing year was—thank God—peaceful and successful for Bulgaria's young democracy. We will remember it for the first cabinet of the Union of Democratic Forces (SDS)—the political formation which had not only the courage but also the greatest moral grounds to come to power in the Republic of Bulgaria after the collapse of the totalitarian system. Unfortunately the first cabinet of the SDS did not succeed in keeping this power long, Bulgarian President Zhelyu Zhelev said in his New Year's Eve address to the nation.

He wished the newly elected cabinet to continue the reform launched by the cabinet of Filip Dimitrov at a faster pace and with greater competence. Let us hope that it will complete restitution and become a cabinet of privatization, Dr. Zhelev added.

1992 was an exceptionally successful year for Bulgaria's foreign policy, the president said and dwelled briefly on the concrete achievements.

Bulgaria became a regular member of the Council of Europe, the agreement on its association to the European Community was initialed which opened the road not only to the European markets and technologies but also made it possible for Bulgaria to start its negotiations with two other important international institutions—EFTA [European Free Trade Association] and GATT, immediately after the New Year sets in, President Zhelev said.

Bulgaria established diverse and fruitful cooperation with NATO and the NATO states and became a member of the Council for Cooperation with NATO.

In 1992 Bulgaria signed bilateral treaties for friendship and cooperation with a number of European states—Italy, France, Russia, Czechoslovakia, Ukraine and Moldova, as well as with two neighbouring countries—Turkey and Romania. Because of the peaceful and stable development of the democratic processes in Bulgaria it was granted the presidency of the 47th session of the UN General Assembly.

Bulgaria was the first country to recognize the Republic of Macedonia along with the three other republics of the former Yugoslavia on the basis of the principles and criteria of the EC.

Unfortunately we cannot boast such achievements in our home policy, above all in the economic and social sphere. Good opportunities have been missed for stepping up and deepening the economic changes, for preserving our traditional markets and for attracting foreign investment. The decline in production is continuing, unemployment is growing and reaching critical levels, the main part of the Bulgarian people is becoming ever poorer and the inflation rate is higher than we were promised, the Bulgarian president said.

We know that this is to a great extent due to the legacy we were left by the totalitarian regime. But we cannot but admit that some of the above-mentioned difficulties were also brought about by mistakes in the implementation of the reform. They are not on matters of principle but were the result mainly of subjectivism, red-tape, inertness, incompetence and needless politicization and ideologization of economic and administrative problems. Dr. Zhelev pointed out.

And yet it would be unjust not to mention that important things were achieved Bulgaria in 1992, too. The Bulgarian Parliament passed the main laws paving the way of the economic reform, the Restitution Acts, the Privatization Act, amendments to the Land Act and the Banks and Banking Act, as well as scores of other acts which though not basic were also necessary for launching the reform.

Restitution has reached between 60 and 70 percent. And though it affects a comparatively small part of the population, it is an illustrative example of the enormous potential of private business and private entrepreneurship. Land restitution has also started though it proved by far more difficult from the technical point of view, President Zhelev said.

All necessary conditions have been established for privatization which has been unjustifiably delayed and in 1993 it may be launched and get full swing. Positive tendencies have emerged in the development of the private sector which now accounts for 10 percent of the gross domestic product, half of the retail commodity turnover and 15 percent of the incomes of the population. The dynamic and intensive development of private entrepreneurship is a considerable achievement of the reform and a guarantee of its irreversibility, attractiveness and final success, Dr. Zhelev said.

We have good reason to be optimists. 1993 will be the year of the structural part of the reform which should yield concrete results, the Bulgarian president said in conclusion.

New Berov Cabinet Holds First Meeting 31 Dec

AU3112202292 Sofia BTA in English 1544 GMT 31 Dec 92

[Text] Sofia, December 31 (BTA)—This morning the outgoing cabinet met the members of the new cabinet. Ex-Prime Minister Filip Dimitrov said that he is handing over the state to the team of the Professor Lyuben Berov in a relatively good condition but added that the situation is difficult and the responsibilities great. The outgoing ministers wished the new cabinet successful work in the name of Bulgaria. "A lot has been sown, may it yield good fruit," Mr. Dimitrov said.

The former ministers praised their successors. Ex-Foreign Minister Stoyan Ganev said that Bulgaria's new chief diplomat, Slavi Pashovski, did excellent work as Bulgaria's representative at the United Nations and is suitable for his new post.

Today the new cabinet discussed organizational issues. It was decided that the ministers acquaint themselves with the work of their ministries and report on the most urgent problems on January 4. It was announced that the new cabinet will not discuss materials which have not been coordinated in advance with all ministries concerned who will have to present their stands in written form. Should differences of opinion emerge, the Council of Ministers will take decisions by a two-thirds majority.

Prime Minister Lyuben Berov told journalists that the problem with the Bulgarian State Railways brooks no delay. He made this statement in connection with the letter of the Confederation of Independent Trade Unions in Bulgaria (KNSB), circulated today, concerning the dire financial straits of railway transport. The letter insists that the government take urgent measures for preventing the stopping of railway transport.

New Cabinet Called 'Fatherland Front Government'

AU3112204292 Sofia DEMOKRATSIYA in Bulgarian 28 Dec 92 p 1

[Article by Ivan Kurtev: "'Reserve' Variant—Fatherland Front Government"]

[Text] The political crisis in Bulgaria has continued for four months already. For four months the country has been pushed toward political destabilization. What happens in Bulgaria is not an isolated phenomenon. The wave of communist restoration has risen in many other countries of the former socialist camp. Will we allow the rise of communist demagogy, red mafia, and anarchy in Bulgaria?

The government of the Union of Democratic Forces [SDS] marked the beginning of the change of the system. I say the SDS government rather than the government of Filip Dimitrov, because whoever would have headed this government would have been subjected to the same attacks. The attitude of the leaders of the Movement for Rights and Freedoms [DPS] toward all the SDS representatives who were proposed as candidates for the post of prime minister proves this. They surely would have accepted a member of the B-12 group; however, this would have meant a change in the SDS policy, a revision of the laws adopted by the National Assembly, and a retreat from the commitments to the voters the SDS assumed.

I participated in almost all talks with the DPS leadership in the last two months, and I can categorically say that during the entire period it consistently directed the things toward the conclusion we see now. All the activities of the DPS leadership were directed toward effecting personnel changes in the SDS National Coordinating Council, creating a confrontation between the SDS National Coordinating Council and the SDS parliamentary faction, and in the final analysis—toward implementing the "reserve" variant—forming a cabinet of experts. On whose support will such a cabinet rely? It will rely on the support of the 24 DPS National Assembly members and about 20 opportunists from the SDS parliamentary faction. What about the other 80 votes? They must come from the Bulgarian Socialist Party [BSP]. Will this support be given just in exchange for releasing Lukanov? I doubt it. The price will be a turn to the left, and this is well known. Is there in Bulgaria even one naive person who would not understand what a government largely supported by the communists would mean? We simply turn 48 years backward to having a Fatherland Front government. Afterward, the communists know what is to be done. The present variant has never been a "reserve" one. It always was in the first place in the plans of the restoration supporters.

On 9 September 1944 there also were naive politicians who supported the Fatherland Front government. Most of them paid for their mistake by long years in prisons and camps, and many—with their life. Is the historical memory of some of the present National Assembly members so short that they head again along the same road? Gentlemen, go to your voters and hear their voices! The people do not err! It is redundant to talk about the others, those who do not dare to face the people in the street. What awaits them is the fate of those who last year tried to split the SDS, namely, contempt and oblivion.

To those alarmed people who stop me on the street with the question "Are you going to betray us?," who call me to express support for the SDS, and who believe that better days await Bulgaria I say: Courage, friends! Democracy will win!

Independence of New Republics Recognized

Canada Recognizes Republics

LD0101095993 Prague Radiozurnal Radio Network in Czech 0900 GMT 1 Jan 93

[Text] This is is Radiozurnal, the news and current affairs channel of Czech Radio. Canada has also recognized the Czech Republic and the Slovak Republic as independent states. Canadian Foreign Minister Barbara Jean McDougall praised the fact that the division of Czechoslovakia would take place in a peaceful and controlled manner. She expressed Canada's readiness to support the efforts of the two new states to strengthen democratic establishments and to implement economic reforms.

Germany Recognizes Republics

LD0101090593 Prague Radiozurnal Radio Network in Czech 0800 GMT 1 Jan 93

[Text] This is Radiozurnal, the news and current affairs channel of Czech Radio [Radiozurnal, zpravodajsky okruh ceskeho rozhlasu]. From today Germany recognizes the Czech Republic and the Slovak Republic and establishes diplomatic relations with them. German Foreign Minister Klaus Kinkel said that the Federal Republic is extending a hand to the Czech and Slovak republics so that they may enter Europe jointly, and its attitude to the Czechoslovak Republic successor states will be determined by the principle of adopting an equal approach to each of them.

United Kingdom Recognizes Republics

LD0101122093 Prague Radiozurnal Radio Network in Czech 0900 GMT 1 Jan 93

[Text] This is Radiozurnal of the Czech Radio [Radiozurnal Ceskeho Rozhlasu]. Great Britain has recognized the Czech Republic and the Slovak Republic today. Queen Elizabeth II has appointed David Brighty, the hitherto ambassador to Czechoslovakia, as ambassador to the Czech Republic and ambassador to the Slovak Republic. He will be based in Prague.

In a letter to Prime Ministers Vaclav Klaus and Vladimir Meciar, Prime Minister John Major expresses interest in friendly and close relations with the two states. He expresses support to extending the European Community through such countries as the Czech Republic and the Slovak Republic. He also says that Britain is promoting international trade which will be as free as possible, and which will facilitate the access of Czech and Slovak manufacturers to Western markets. Foreign Secretary Douglas Hurd has sent a letter to his counterparts in Prague and Bratislava, containing a request to establish diplomatic relations.

Netherlands, Switzerland Offer Recognition

LD0101161793 Prague Radiozurnal Radio Network in Czech 1500 GMT 1 Jan 93

[Text] The Czech and the Slovak Republics were recognized today by the Netherlands. The Hague cabinet informed the Governments of both countries of its decision. It also proposed the establishment of diplomatic relations at the level of ambassadors. The seat of Hans Heinemann, the Netherlands ambassador to both republics, will be Prague. Today, the Czech and the Slovak Republics were also officially recognized by Switzerland, which will be represented in both countries by ambassador Sylvia Pauli, who will reside in Prague.

Strasky Offers Good Wishes to New Republics

LD0101103193 Prague CTK in English 2051 GMT 31 Dec 92

[Text] Prague, Dec 31 (CTK)—In a midnight toast on Czechoslovak Television, Czechoslovak Premier Jan Strasky wished all the best to the new states, the Czech and Slovak Republics, which become independent January 1.

He said he is convinced that the Czechoslovak state has fulfilled its role and that is why it is ending. Twice in its history, once from the right, once from the left, in both the political and geographical senses of the word, it has found itself in close neighbourhood of the centre of two destructive ideologies which represent a horrific experiment of the 20th century.

We shall not enter Europe as a single state of Czechs and Slovaks. I know from the letters some of you have sent to me...that many of you regret this and that some of you have not reconciled yourselves to it, Strasky said. He called on people at both the western and eastern ends of Czechoslovakia to realise that seldom in modern history so much has been done to bring to the same social and economic level two parts (of a state) whose degrees of development were originally entirely different.

Strasky said this is not pointed against anybody, this is merely intended to describe the historical role completed by Czechoslovakia. He thanked all people who have contributed to the calm division of Czechoslovakia. Czechoslovakia will not end completely if the two new states follow up its tradition. It would be detrimental to both states if for any reason this did not happen, Strasky said.

Parliament Speaker Welcomes New Republic

LD0201104093 Prague Radiozurnal Radio Network in Czech 1200 GMT 1 Jan 93

[Speech by Parliament Speaker Milan Uhde at parliament session in Prague on 1 January—live]

[Excerpts] Esteemed Premier, esteemed members of the government, esteemed members of the diplomatic corps, esteemed deputies, esteemed representatives of Czech political life, esteemed guests. [passage omitted] We took

our homeland over from the former regime in an awful state which has been described 100 times elsewhere and which we are still suffering from. We took over our homeland marked by deep wounds. One of the most difficult ones—an inborn one, if it can be so described—has spread so badly that it divided the current Czechoslovak state into two independent states.

I am aware that here today, at this historical place we are face to face with the founder of Czechoslovakia and all who gave their lives and blood for the courageous and fruitful attempt of our peoples to live together, and that mere words could not do justice to what they did. [passage omitted]

Today, three years after November 1989, it has been shown that our people's effort to achieve coexistence, which was threatened in the past several times mainly from outside, could not hold its ground once it was left on its own with its freedom. It was not in the power of politicians to prevent the split. This continued throughout the entire November period. I witnessed it firsthand and I confirm that what happened was bound to happen.

Political agreements this summer and autumn enabled the [word indistinct] split with timely and well thought-out acts, respecting somebody else's desire to be independent, and proving their own maturity. As the independent Czech state is being restored it is marked by the truth which remained. It is said that this is not a sufficient reason to rejoice but it is a good reason to hope that a basis of truth will be a basis for a homeland which will be a joy for those who will live in it and it will hold its own before its close and distant neighbors and the whole world as a natural part of its stability.

Deputies showed their maturity by adopting the Constitution of the Czech Republic by an overhelming majority of votes. We are therefore entering the first days of our restored independent history as a society of citizens who support the principles of a state ruled by law and equipped by a reliable framework of future Czech legislation. [passsage omitted]

Some final words for the New Year, and I hope I am delivering them on you behalf too: Czech Republic, welcome!

Klaus Views Independence, Tasks for Future

LD0201235193 Prague Radiozurnal Radio Network in Czech 1200 GMT 1 Jan 93

[Speech by Czech Prime Minister Vaclav Klaus at a gala session of the Czech parliament in Prague—live]

[Text] Esteemed Deputies, Ladies and Gentlemen: I certainly do not need to stress that I am aware of the fact that I am talking to you at a moment which is of key significance for the Czech state and the Czech nation. We stand at a boundary which is no less significant than November 1989.

As of today the independent Czech state will begin to exist. It is only up to us—truly up to all of us—to decide what it will be like, what we will put into it, what kind of constructive approach toward its creation will prevail in us.

We realize that we will have to struggle with many obtacles, with both internal and external ones, and, above all, with the obstacles that are inside all of us. They will represent the greatest obstacle.

I have the rare opportunity today to address all of you who live in our new state, in Bohemia, in Moravia, and in Silesia, all of you who want to share in our truly historic task according to your abilities. It is natural that we connect the revolutionary political events—events that the majority of us expected with longing for decades, and the November revolution certainly was such an event—with many personal hopes. It is likewise understandable that all these hopes cannot be fulfilled immediately for everybody.

For the new Czech state it would be a very bad handsel if due to the present wave of impatience or criticism—the motives of which I understand to a certain extent and the justification of which I do not want and cannot put into question or to dispel—the Czech state in the end lost the jointly shared national and future-oriented knowledge that the principle change, which we achieved at the end of 1989, was an exceptionally positive change. We are experiencing its results every day, we assess them and we form them and use them.

I would like to mention three aspects that will predetermine our future. We have managed first of all to restore political plurality based on the competition among and cooperation of political parties. The initial stage, with civic forums and movements that were the expression of a short-term national unity against the communist regime, has been overcome, and the traditional concept of a policy tested by centuries of its practical application in advanced countries everywhere in the world has become the predominant feature. Last year's elections not only confirmed but also safeguarded the continuation of this process for another four years.

Second, we have managed to prepare, launch, and to a significant degree implement the economic reform which, as far as its breadth and depth is concerned, has no comparison in the post-communist world and which by its consequences reaches beyond the narrow economic framework. The consistent restoration of private property means not only the most reliable anchoring of democracy but also the most secure base for a healthy social and cultural development of our country.

In spite of all the difficulties encountered by a number of our fellow citizens, which are a necessary tax to be paid not only for the communist heritage in our country and the whole former Eastern Bloc but also for the impossibility of planning and programming the reform process in a painless manner that would affect all people equally, the economic reform should be evaluated as an undisputable success. We have managed to liberalize prices,

open ourselves to the world, and start extensive privatization. We have managed to prevent the start of an inflationary spiral so that the rate of inflation in our country is by far the lowest among all post-communist countries. Prognoses made by the opponents of the reform, forecasting millions of unemployed and threatening social conflict, have not been confirmed.

We have managed gradually to overcome the consequences of the most critical economic collapse in history—the disintegration of the Soviet Union and CEMA—and to substitute lost economic relations with new ones in the developed countries and solvent markets. The outlook of our towns and villages is changing as a result of the initiatives of private businessmen. The era of lines and shortages, so typical of the communist regime, is definitely over.

Third, the renewal of civic rights and liberties and an awareness of basic civic duties bring about something that transcends the framework of everyday practical politics, something that cannot be found in any economic or social statistics. It is the spiritual revival of Czech society, the return to the roots of our national and sovereign existence, the return to European traditions. I have in mind particularly the Christian tradition in the broadest sense of the term. It is the source of strength and inspiration in the moments of hardship for citizens as well as for politicians.

As an immediate consequence of the post-November developments, the conflicts which had been overlooked during the communist dictatorship and which looked dead are coming back to life with a new and often greater strength.

Unfortunately, the most significant conflict inherited from the past and not tackled for centuries was Czech-Slovak relations, which marked the entire first three years of our freedom. The former Czech, Slovak, or federal representations were unfortunately unable to achieve the coexistence of the Czechs and the Slovaks in one state on new reliable foundations.

One can ask today whether it was within human power at all. It is clear, though, that the long and procrastinated negotiations resulted only in an aggravation of problems and eventually led nowhere anyway. It happened thus that the June 1992 elections were decisive not only for the distribution of political powers in legislative bodies, i.e., about who will be empowered to administer the federation and the two republics in the forthcoming years, but also, and predominantly so, for the possibilities and forms of Czecho-Slovak relations. Results of the elections, especially in Slovakia, provided an unequivocal answer. The Czech side was faced with a difficult and an enormously responsible choice: To choose between a slow, publicly-denied disintegration accompanied by serious crisis shocks and instability, and between the precise definition of the state of affairs and an attempt for a solution that would not irreparably harm future Czech-Slovak relations, and which would leave the door open for a good future cooperation.

Only those who do not wish to or who are not capable of accepting the new reality, or those who would like to take advantage of the political and economic instability and chaos are not willing to see that the last Czechoslovak elections decided quite essentially, and in a fully legitimate manner, on the new form of Czech-Slovak relations.

The Czech Government coalition as born out of the June [1992] elections did not percieve its mission as a negative task, as a mere role to disintegrate something, but mainly as a positive task. We had to prove that even such a painful act as is the division of the state, which was particularly dear to us Czechs, can be resolved in a civilized, cultured manner, and that it need not result in building up a Chinese Wall between Jablunkov and Breclav. We had to prove that it is possible and mutually advantageous to preserve in changed conditions the maximum links that had been built during the more than 70-year-long existence of the Czechoslovak State. Such a positive approach is important to the Czech Republic, to its internal stability and to its economic prosperity, as well as for the whole Central European region and for the whole post-communist Eastern Europe, which is now getting rid of the oppressive heritage of the past with difficulties and often at the cost of blood-shedding in conflicts.

That is why immediately after the elections we set out to go into difficult negotiations with the Movement for a Democratic Slovakia, the winner of elections in Slovakia. These negotiations resulted in an agreement that made possible the creation of federal bodies and the choice of a coordinated course of action in the division of the federation that had already become totally defunct. In the fall we were already able to transfer the negotiations to the level of national councils, and to prepare a number of treaties that secured both the peaceful division of the state and the mutually advantageous cooperation of the Czech and the Slovak Republics in future years. The whole process was completed in December by the Federal Assembly passing the law on ending the Federation.

The result of all this is that even the greatest pessimist cannot doubt the legal quality and legitimacy of the process of ending the Federation. At the same time legislative foundations were laid for an independent Czech Republic, especially its Constitution. During the debate and approval of the Constitution we reached a compromise acceptable to all parties. Thanks to that, the Constitution was adopted in the Czech National Council by a clear majority. We have achieved an important consensus between among parties. This brings a hope for the future that the Czech Republic born in these moments will carry along minimum wounds and scars from the initial difficult period of its existence.

From the very beginning the government was aware of the fact that Czech politics cannot be geared to short-term needs only, and that the political decisions both in

small and big affairs have to rest on principles which go beyond purely utilitarian aspects, and that rest on more general human principles and values.

I believe that these broader principles were implemented in the way we resolved both essential tasks that we had been with in the summer, i.e., peaceful separation with Slovakia and laying foundations of the Czech state.

The period that we went through in the past three years was a period of revolutionary changes. The deep constitutional crisis that has been resolved in its essential aspects should be the concluding phase of these years. It is our duty to contribute to the final ending of this hectic and restless period. We have to stabilize and cultivate the political system. We have to come to terms with the heritage of the totalitarian past, and also with the unresolved problems of the post-November period. This is a task to be shared by all Czech constitutional powers. We will not succeed if both the government coalition and opposition do not take this task as their own. We must jointly attempt the creation of such a state that would give the citizens not only the freedom and the chance [as heard], but also the feeling of security for their daily life.

Apart from issues of citizens' security, the prerequisite for this is, in particular, stabilization in the economic and social spheres. We were trying to minimize the negative impact of the division of the Federation and to preserve as much as possible the factors that bind our economies.

Another uneasy measure will take place this year—the introduction of a new tax system and a new health insurance system. It will mean a marked improvement in the system and at the same time an overall reduction in the tax burden on citizens. The doubts recently cast upon both these major changes caused by several partial problems should not generate the mistrust of citizens in bringing a general positive contribution.

We will not overlook social policy either, although the state does not wish to promise what cannot be fulfilled. It cannot be a guarantor of false or unrealizable certainties. The state will be a guarantor of minimum life certainties, the certainties our society is able to pay for in terms of the funds it has, and which will therefore be granted to the citizens who are genuinely in need of them.

Through well-thought-out actions, we will be enhancing the Czech Republic's international position; we will be sustaining and deepening the recently renewed links with European and world institutions; and, in particular, we will be consolidating links that bind us with our immediate neighbors. Slovakia occupies a prime place among them now. I would not like to claim that our entire relations with Slovakia will be smooth and absolutely conflict-free. But our primary political interest there is Slovakia's economic prosperity and the maintenance of plurality.

In the followup to our foreign political objectives, we will continue to consolidate our relations with our immediate neighbors, among whom we include Hungary, in addition to Germany, Austria, and Poland. All of this will rest on the basic trend of our foreign policy, on the policy of European integration and European cooperation, and on cooperation with other key countries of the world, in particular with the United States.

What we have been through in the last three years, all the painful sudden changes, all the search—which was not free of error—can be summarized in one sentence: It was a quest for and a process of finding our state and national interest. We have succeeded in creating a good starting basis upon which we can continue to build.

I appeal to all of you here in this hall, to all of you in this land so dear to us, in the land we inherited from past generations, with the duty to work with all our might for its prosperity. Despite all the differences in views and ideas, let us be aware of this joint task of ours and let us aim all of our joint efforts at implementing it. Let us not allow our unity to be broken up by political, social, or regional differences. On the contrary, let us use these differences for the maximum possible common benefit.

Each era and each generation thinks that the problems it has to face are unprecedented. This surely applies to us, and to a certain extent it is true. We are going to need all our wisdom, prudence, ability, and sense so that we can hold out, so that we can restore the full glory of this beautiful country so damaged by past decades and turn it into a normal, advanced, high-standard, and well-functioning country.

In the new year, in the first year of the existence of the free and democratic Czech Republic, I wish to all of you, to all of us, a lot of success and the fulfillment of all the hopes we hold for the future. [applause]

Addresses Diplomatic Corps

LD0101184293 Prague CTK in English 1555 GMT 1 Jan 93

[Text] Prague, Jan 1 (CTK)—Czech Premier Vaclav Klaus told foreign diplomats this afternoon that Czech statehood continues from today in an independent form.

I believe that soon we will revive its glory, he said.

Klaus and Chamber of Deputies Chairman Milan Uhde met with members of the Diplomatic Corps at Prague Castle after the conclusion of parliament's ceremonial session.

In a short speech, Klaus emphasised that the Czech Republic is not beginning its independent existence unprepared, and that it expects from other countries not charity, but partnership. We see our place in Europe clearly and we are prepared to assume it, he said. Klaus characterised the establishment of an independent Czech Republic as a historical moment. I would like to take this

time to affirm to your countries, which you are representing, that this state will be part of the world community espousing freedom and responsibility as its basis, Klaus told diplomats.

International Relations Minister on Federation End

LD3112155892 Prague Stanice Ceskoslovensko Radio Network in Czech 1500 GMT 31 Dec 92

[Text] The demise of the CSFR and the birth of two independent states will not be felt very much in the everyday life of the people, Czech International Relations Minister Jozef Zieleniec has said. At a news conference for foreign journalists in Prague he further stressed the importance of the calm and peaceful manner of the division of Czechoslovakia and the legitimacy given to this process by the Federal Assembly Act on the Termination of the Federation. At the same time he expressed the conviction that within a few days the Czech Republic will have diplomatic relations with all the countries that had diplomatic relations with Czechoslovakia up to the time of the division. He added that after a year or two the Czech Republic could develop an economic system comparable to that of the advanced Western countries.

Uhde Reads Czech National Council Declaration

LD0101200793 Prague Radiozurnal Radio Network in Czech 1200 GMT 1 Jan 93

["Declaration of the Czech National Council to the Parliaments and Nations of the World," read by Chamber of Deputies Speaker Milan Uhde at the Czech parliament in Prague—live]

[Text] The Czech National Council, as a freely elected legislative body of the Czech Republic heedful of the 1,000-year tradition of the Czech state, has adopted the following resolution:

On 1 January 1993 the Czech Republic will become an independent and sovereign state which has emerged as a successor state from the division of the CSFR, in harmony with its constitutional law. The constitutional framework for its foundation was created by the adoption of the law on the cessation of the CSFR in the CSFR parliament.

Like the democratic states in the rest of the world, the domestic and foreign policy of the Czech Republic will be based on unconditional respect for human rights and fundamental freedoms and on the principles of pluralistic democracy and a law-governed state, the thorough implementation of which create the basis of liberty, justice, and peace.

The Czech Republic is expressing its interest in becoming a member of the Council of Europe and a contractual partner in the European Convention on Human Rights as soon as possible. In harmony with international standards, it will respect rights and fulfill obligations toward national minorities.

In international relations, the Czech Republic will be governed by the rules of international law as well as by the aims and principles anchored in the UN Charter, the Helsinki Final Act, and subsequent documents.

As one of the lawful successors to an original, founding member of the United Nations, the Czech Republic is confirming its decision to respect the principles of this organization. It plans to continue, according to these principles, in the effort to reinforce peace and security and to contribute to the peaceful solution of conflicts and problems of civilization with international ramifications.

The Czech Republic will help to develop cooperation in Europe with the goal of creating an efficient security system. It will observe obligations concerning the reduction of armed forces and weapons to a level sufficient for defense and it will work to strengthen trust and stability on multilateral and bilateral bases.

The Czech Republic will create the political, economic, contractual, and legislative conditions for gradually joining and in the future becoming a member of the principal European political, economic, and other organizations. It confirms the obligations agreed upon by the CSFR in the European association agreement and is interested in its speedy transfer to the Czech Republic. The Czech Republic will strive to become more involved in the world economy and in a smooth succession to membership in the IMF, World Bank, GATT [General Agreement on Tariffs and Trade], and the European Bank for Reconstruction and Development.

In harmony with the valid norms of international law and as outlined by it, as of 1 January 1993 the Czech Republic will consider itself bound by both multilateral and bilateral treaties and agreements to which the CSFR was a part on the same date.

The Czech Republic is prepared to establish diplomatic relations with other states and to develop its relations with them on principles of sovereign equal rights, noninterference in internal affairs, respect for their territorial and political independence, and the nonviolability of borders.

The Czech Republic will assume its share of the financial commitments of the CSFR toward third states and international organizations in harmony with the appropriate constitutional law and the agreement concluded between the Czech Republic and the Slovak Republic on the division of the Federation's assets.

The Czech Republic will pay special attention to relations with the Slovak Republic. Treaties and agreements concluded between the two Republics will enable us to preserve such a degree of cooperation and coordination in mutual relations that will contribute toward establishing links between the two states for the benefit of their citizens.

Through a vote of the deputies of its constitutional body, the Czech Republic assumed, in its Constitution, the obligations to undertake development as a part of the family of European and world democracies. It understands this obligation as a general aim of its efforts in the sphere of internal and international political activities.

Study Warns Against Czech-Slovak Monetary Union

AU0401091593 Prague HOSPODARSKE NOVINY in Czech 29 Dec 92 p 9

[Report by "rop": "Is the Monetary Union a Destabilizing Factor?; The Notion of a Fixed Exchange Rate Has a Number of Weaknesses"]

[Text] "Problems of Monetary Cooperation Between the CSFR Successor States," is the title of a study drawn up by a team of authors from the Czechoslovak State Bank [SBCS] Economic Institute, headed by engineer Oldrich Dedek. We publish the full text of the concluding summary of this study. The views presented in the study are the views of its authors and not the position of the Czechoslovak State Bank:

1. The monetary arrangement between the Czech Republic and the Slovak Republic after the CSFR's partition will be influenced by the actual development of the economies of the two republics. There are a number of differences between the Czech Republic and the Slovak Republic in this regard that, in the event of currency separation, will play a role as **factors determining a balanced level of the two currencies' mutual exchange rate.** These include:

— **The higher efficiency of the Czech economy.** In 1991, labor productivity in the Slovak Republic was 6 percent lower than in the Czech Republic and per-capita gross domestic product (GDP) was even 18 percent lower. Between January 1990 and June 1992, the decline of labor productivity in industry was 6 percent sharper in the Slovak Republic than in the Czech Republic.

—**The greater import-intensiveness and, simultaneously, lower export performance of the Slovak economy.** The Slovak Republic's share in total exports of the CSFR was 26.6 percent in 1991 (compared with its 29.6 percent share in GDP). Its share in exports to countries with a market economy was even lower—around 25 percent. Proceeding from the forecast level of GDP generation and use, the Czech Republic will reach an export surplus of 11.5 billion korunas in 1992, compared with a 5.8 billion korunas export deficit for the Slovak Republic. This augurs considerable strain in the Slovak Republic's future balance of payments.

—**The trend toward a faster growth of the price level in the Slovak Republic** as a consequence, among other factors, of a different economic policy compared with the Czech Republic.

—**Asymmetry in mutual economic relations between the Czech Republic and the Slovak Republic**, with the Slovak economy depending more on the Czech Republic as a market and source of deliveries than is the case the other way around. The mutual trade balance shows a long-term surplus for the Czech Republic. While the Czech Republic supplies between 12 and 15 percent of its industrial output to the Slovak Republic, the Czech Republic is the market for between 26 and 32 percent of the Slovak Republic's industrial output. The balance of mutual trade exchange in 1992 could end in a surplus of 13.5 billion korunas in favor of the Czech Republic. If we add this deficit to the expected deficit of the current account of the Slovak Republic's balance of payments toward third countries, we will arrive at a figure of almost 20 billion korunas, that is, between $0.6 and $0.7 billion, that the Slovak Republic would need to finance this aggregate deficit.

—**The greater adaptability of the Czech economy** as a result of the operation of a number of subjective and objective factors. This greater ability to implement structural changes and adapt to the new situation will influence the prospects of both economies in the medium and longer terms.

2. After the CSFR's partition, when the one-sided transfer of resources will come to an end (it is estimated that between 20 and 25 billion korunas will have been transferred from the Czech Republic to the Slovak Republic in 1992 by means of the budget system alone) and when the mutual flows of goods will become part of the two countries' trade balances, the aforementioned differences will lead to considerable pressure on the **development of the two currencies' exchange rate.** It will probably not be possible to maintain over a longer term a certain balance in mutual economic relations with a one-to-one initial exchange rate.

3. The "monetary union" project planned for the period after 1 January 1993 will show a number of **destabilizing factors**: the weaker member of the union is losing some important instruments of economic policy (exchange rate, interest rate) without this loss being made up for by active fiscal policies. At the same time the economically stronger member of redistribution processes is confronted by a reduction of aggregate demand for its output. Simultaneously with entering the "monetary union," one should therefore work out a timetable laying down a fixed date for the separation of currencies.

4. **The idea of a fixed rate regime**, inspired by the early Bretton Woods system and perceived as a stage following up on the "monetary union," has a number of weaknesses. First, it depends on a realistic exchange rate in the sense of a dynamic balance between supply and demand, a condition that the initial one-to-one exchange rate does not meet. This arrangement is also very demanding in terms of the central banks' readiness to assume the costs of the adaptation process, which has exclusively the character of economic restriction, in the

interest of maintaining the fixed value of the exchange rate. The powers of the fund for equalizing exchange rate fluctuations that is to propose measures geared toward the recovery of the deficit economy would also likely be problematic, in view of the composition of this fund on the principle of parity.

5. A number of implicit assumptions is contained in the ideas about impure floating [neciste plovani]. For one thing, it is essential that the band of admissible fluctuations be fastened [zaveseno] to a value of the exchange rate that is completely objective. A solution allowing the exchange rate to seek its grounding **in pure floating** could within a short period of time shift the exchange rate between the Czech koruna and the Slovak koruna significantly away from the initial one-to-one ratio, with negative consequences for both the debtor country and the creditor country. **Managed floating** has a more permanent basis only if the exchange rate is not readjusted too often, which is best guaranteed by the coordination of economic policies.

6. An adequately conceived project of a **clearing union** could spread the shock from the division of the common economic space to a longer period of time without at the same time laying the groundwork for fragmentation [rozpolcenost] in international trade relations. Such an arrangement should make possible a certain degree of the deficit country's permanent debt, coupled with the possibility of devaluing the national currency. Should this arrangement lead to a devaluation of an excessively high order, the "crawling peg" [preceding two words in English] system could be applied. Within the framework of possibilities, the clearing union should not restrict free capital flows between Czech and Slovak residents. The aim of economic policies should be a gradual convergence of the exchange rates on the official and parallel markets.

7. As a consequence of the **common monetary policy**, governments of the member countries of the monetary union are deprived of the possibility of one-sided decisions on the extent of financing their budget deficits by issuing money. It is questionable whether it is possible to set an optimal mix of financing budget expenditures by means of taxation and inflation.

8. Regarding the issue of **tax convergence,** the view prevails that at a high level of integration there is no reason for the complete harmonization of taxation systems, with a few important exceptions (these are listed in the study—editor's note). The main change being prepared is connected with the establishment of **independent jurisdictions over taxation**, that is, a "fiscal border" between the republics.

Prices Rose Slightly in November

AU3112134392 Prague MLADA FRONTA DNES in Czech 29 Dec 92 p 8

[Federal Statistical Office, Czech Statistical Office, and Slovak Statistical Office report: "A Slight Increase in Prices in November"]

[Text] With the exception of agricultural products, slight movements of prices continued in the production sector in November. Prices for industrial products rose in November (compared with October) by 0.9 percent. Slight movements in both directions were recorded in individual sectors. Prices for construction works rose 0.7 percent (according to an estimate), and prices for materials and products consumed in the construction sector rose 1.1 percent.

From the beginning of 1992 until November, prices rose quite uniformly in the production sector (compared with December 1991) and slower than in the consumer products sector (10.6 percent). Prices for industrial products rose 8.1 percent, prices for materials and products used in the construction sector rose 7.4 percent, and prices for construction works rose 6.6 percent. Until November, prices rose faster in the Czech Republic than in the Slovak Republic, within the range 2.8 to 4.5 percentage points.

The annual price increase (according to a sliding average over the 12 most recent months against the 12 preceding months) was, in the case of industrial products, 11.3 percent, construction works 8.6 percent, and material and products used in the construction sector 9.3 percent. Even according to annual averages, prices in the Czech Republic rose faster than those in the Slovak Republic, industrial products by 4.9 percent and construction work by 6.4 percent. On the other hand, prices for materials and products used in the construction sector were—at 0.3 percentage points—slightly higher in the Slovak Republic than in the Czech Republic .

Prices for agricultural products were 12.9 percent higher in November than they were at the same period in 1991. The prices of agricultural produce rose faster—15.6 percent—than those of livestock products—9.4 percent.

On average, from the beginning of 1992, prices for agricultural products rose by 7.2 percent, of which agricultural produce was 6.5 percent higher, and livestock products 7.6 percent. Prices in the Czech Republic rose slightly faster, at 1.1 percent, than in the Slovak Republic.

Bank Head on Creation of Separate Currencies

LD3112151392 Prague Stanice Ceskoslovensko Radio Network in Slovak 1400 GMT 31 Dec 92

[Text] Should the stability of the koruna be threatened, the Czech Republic would propose the separation of the currency, Josef Tosovsky, CSFR State Bank governor, said in an interview with the French paper LIBERATION. According to Tosovsky, who after the Federation's split is to head the newly established Czech National Bank, it would be possible to create separate currencies within two to three days. The issue of the Czech koruna has almost been completed but, it will only be be ready for use in the second half of 1993. Tosovsky admitted that because of the possible devaluation of the future Slovak koruna, there is the danger of currency

speculation. In his opinion Slovakia will be the bigger loser—in the economic and trade sense—as a result of the Federation's division.

Czech Army To Secure Republic's Defense

LD3112173192 Prague Stanice Ceskoslovensko Radio Network in Slovak 1600 GMT 31 Dec 92

[Text] Beginning midnight on 31 December, the defense of the Czech Republic will be secured by the Czech Army. This is being created simultaneously with the termination of the Czechoslovak Republic and is prepared from the material, technical, and organizational point of view to fulfill tasks linked to the defense of the Czech state. Protocols on the delimitation of the Army have been presented to Czech Premier Vaclav Klaus. On 4 January, Vaclav Klaus will swear in Antonin Baudys as first minister of defense of the Czech Republic. Chief of the General Staff Karel Pezl confirmed that all soldiers of Czech nationality will do their national service in the Czech Army and soldiers of Slovak nationality in the Slovak Army, unless they take the other nationality. This is true also of professional soldiers.

Defense Chief Discusses Military Issues

LD0301214593 Prague Czech TV-2 Network in Czech 1830 GMT 3 Jan 93

[Interview with Czech Defense Minister Antonin Baudys by unidentified station announcer and reporter; place and date not given; live or recorded]

[Text] [Announcer] Two independent military entities were born on 1 January in connection with the breakup of Czechoslovakia. They are to protect the sovereignty and security of the two countries—the Czech Republic and the Slovak Republic. This does not mean, however, that the military potential of the two new armies will be strengthened; on the contrary, the numbers of troops and military hardware are being reduced. The process started after November 1989.

[Reporter] According to international treaties, the Czech Army will, after 1997, be allowed to have no more than 93,300 soldiers, and the army of the Slovak Republic under 47,000 soldiers. How will our Army be turned into a professional army?

[Baudys] This is a matter of several years. We cannot hurry this, this is a very complex matter—a complete redesigning of the structure is needed. This also has consequences in the social sphere because there will be more boys in it—they might be unemployed. Thus we will not be able to build a professional army in less than five years. This is really only a very rough estimate, anyway.

[Reporter] The division of our Army which took place in the past weeks meant the largest military operation since the withdrawal of Soviet troops.

[Baudys] The division of the Army has more or less been completed, as far as the hardware and individual matters are concerned. Naturally there are systems which cannot be divided very well, and in those cases a system of certain compensations has been agreed on, and it is a matter for the immediate future when all this will be carried out, when all the technicalities will be carried out. We can say, however, that the Army has been divided.

[Reporter] The division of the [Czechoslovak] Army should be finally completed by transferring the final tonne of military material from the Czech Republic to Slovakia. This will be done in the second half of this year or not later than in 1994. The Air Force was the most difficult sphere of military assets for division. This problem has already been resolved. The new Czech Army will have 457 aircraft, the army of the Slovak Republic will have 229.

Citizens would like to know what will happen to military airfields. Education of our future military pilots will be partly taken over by the Military Academy in Vyskov, while the actual practical training will take place in Prerov. Some pilots will be trained abroad, above all in Kosice, if an agreement is reached. The military airfield at in Hradec Kralove is being closed and four other fields will also be closed this year; we have not been told which four yet. The airfields at in Ceske Budejovice and Pardubice should be put to use for both military and civil purposes.

The state budget has allocated 23 billion korunas for the Czech Army in 1993. This was 8 billion less than the soldiers had asked for. What will it mean?

[Baudys] We can only distribute the income which we can expect, so there will be a certain reduction in spending. This should become part of Army restructuring, living within our means.

[Reporter] Information on salaries in our Army is also interesting. Last year, an average career soldier's monthly salary was 9,413 korunas. This year it should go up by 12 percent in the Czech Republic. Career soldiers' pensions were 3,633 korunas last year.

[Announcer] Since 1989 the length of national service in the CSFR has gradually been reduced. This is closely connected with international conventions on reduction of armies in Europe. We were interested to know whether service would be further shortened in 1993, as had originally been proposed for the former Czechoslovak Army.

[Baudys] A professional army is the ultimate goal. This of course leads to gradual shortening of national service, probably down to 12 months.

[Reporter] As soon as this year?

[Baudys] We could well try it this year, but so far it's just an idea.

[Announcer] A number of issues concern the fulfillment of international obligations of the former Czechoslovak Army. As for the Czech Republic, a supervisory [dozorci] commission and a monitoring mission in Yugoslavia and Iraq will remain. The Slovak Republic will take over the participation in international missions in Somalia and Angola and in the CSCE group in Yugoslavia.

With the division of Czechoslovakia, our defense system is to undergo marked change. We will no longer be able to stop the possible threat from the east and the Balkans on the border with Ukraine and Hungary, because we have lost these borders [as heard]. Will the Czech armies therefore be redeployed on the border with Slovakia?

[Baudys] I would not overestimate the issue. I think that it is not topical. But, should there be a mass exodus from the eastern parts of Europe, we will of course be ready as needed.

[Reporter] Can the Czech Army's joining NATO be reckoned with?

[Baudys] It is, naturally, our goal. However, we will not join it in that sense of word, we have to be accepted. The EC and NATO will of course deem us worthy of membership only when a democratic society has developed here, the political and economic situations have stabilized, and the Army is up to the normal standard of all West European armies.

Meciar Accuses Hungary of Seeking Border Changes

LD0101114593 Belgrade TANJUG in English 1101 GMT 1 Jan 93

[Text] Bratislava, January 1 (TANJUG)—Slovak Prime Minister Vladimir Meciar on Thursday [31 December] said that "some political forces" in Hungary aspired after the revision of the Trianon Treaty, ie, to territorial expansion.

Meciar said that changing the Slovak-Hungarian border stood behind these aspirations.

"The same strategy as in the case of Romania, Serbia and the Ukraine is in question", Meciar said at a news conference.

The 1920 Trianon Treaty, signed by the winners of World War one and Hungary, obliged the latter to cede parts of the former Hungarian empire to Yugoslavia, Romania and Czechoslovakia.

Slovakia became an independent state on January 1, 1993, after it and the Czech state decided to split the Czechoslovak Federation.

Kovac Welcomes Cooperation With Czech Republic

LD0101102393 Prague CTK in English 2123 GMT 31 Dec 92

[Text] Bratislava, Dec 31 (CTK)—The new states, the Czech and Slovak Republics, are entering the family of free democratic states with a big credit, Chairman of the Czechoslovak Parliament Michal Kovac said in a midnight toast on Czechoslovak Television.

Reviewing the 74 years of existence of the Czechoslovak Republic established in 1918, he said that only 26 years were lived in the conditions of freedom and democracy, and 48 years in the conditions of economic deprivation, devastation of the environment and human souls.

He thanked God that we have survived all this and that we have lived to see the collapse of the Communist totalitarian system, and that for a third year we have been able to live in the conditions of freedom and democracy, spiritual revival and restoration of the free market economy.

It is not by chance that it has been in the conditions of freedom and democracy that we have been able to quietly, correctly and justly react to the emancipation developments in Slovakia by setting up two independent states.

Thanks to this the control of state affairs from one common house ends, but brotherhood and friendship between the Czechs, Moravians and Silesians on the one hand and the Slovaks on the other do not end. This is also true of cooperation in the economic, cultural and scientific areas, and in the state sphere. Czech-Slovak mutuality lives and it will continue to be promoted and developed because it has been given a new frame and new impulses.

Meciar Addresses Parliament Gala Session

LD0101142593 Bratislava Rozhlalsova Stanica Slovensko Network in Slovak 0915 GMT 1 Jan 93

[Speech by Slovak Prime Minister Meciar at 1 January gala session of Slovak National Council at Slovak Parliament building in Bratislava—live]

[Text] Esteemed National Council of the Slovak Republic, Esteemed Guests, Ladies and Gentlemen. One remembers the first things—the first day at school, first love, first kiss, first arrival at work, first contact with something that we did not know before and which opens up a new world for us. We remember and we will remember for generations to come the first day of the Slovak Republic as a state, the day which changes the quality of coexistence of Slovaks, Hungarian, Poles, Czechs, Ukrainians, Ruthenians, and Romanies on our territory; the day on which, through this state, we will talk to other peoples of the world.

Just as many others, I sat at night and thought to myself: I am a citizen and I have a state. What does it mean to me? What have I got? I felt that I have a lot. We belong to a community that has been internationally recognized as capable of creating its own statehood, as capable of entering international relations in its own name, acquiring rights and duties, capable of bearing responsibility for these relations. The recognition of the state and community of citizens of the Slovak Republic is being conducted smoothly, and is progressing. So far there is not a state in the world that would say that it does not recognize us.

I have received the viewpoints of the FRG president, the president of Italy, and the Austrian president, through which they recognize us and express willingness to establish diplomatic relations. At the same time, they will transform their representations in Bratislava to embassies.

The process of recognition is continuing. We are entering it with a somewhat worse initial basis, but with a realistic hope to fulfill [words indistinct] which mankind has before it on this earth: first, the preservation of peace, respect, good coexistence, and a search of prosperity for all.

Having a state means living on the territory of the state on which we realize our life-long work and which we are handing over to the future generations. To have a state means belonging to a community through which we mutually weave threads of various relations, and which have built their institutions that should fully secure the administration of public affairs, and should help protect and defend the citizens of this community. Having a state means having an instrument through which we can realize ourselves, protect and enforce our own interests,

as well as those of our loved ones. So to have a state in fact means to be rich. We have it.

By having won the status of statehood for the Slovak Republic, we ourselves are undertaking more tasks. The position of the Slovak National Council is fundamentally changing. Only the laws adopted by you, messrs. deputies, will be valid in this republic. No longer are the laws to be signed in Prague; no longer will we have to wait for what Prague says. Responsibility for the state of the Slovak Republic will have to be respected. The impact of this task borne by you will be considerably greater than has been so far. The rise of the state was peaceful, democratic, and constitutional. It should be therefore said that this is the result of efforts by the representative corps, both in the National Council of the Slovak Republic and in the Federal Assembly.

For the first time in many years, Slovak representation had a majority in the Federal Assembly. It failed to be divided, bought off, or be questioned. This has not been the case for a number of years. It was precisely thanks to this cast iron unity among our friends from political parties and movements, who withstood the difficult test of time, and who resisted many temptations, that this republic was able to come into being in the way it did. Our respect, thanks, and recognition therefore go to them. They are our friends and colleagues from our political parties, with our political program. This is why we will maintain respect for them in public. I am therefore pleased that those sitting among us—Michal Kovac and Roman Zelenay—are representatives of the highest bodies of the former Federal Assembly who represent all our fellow deputies in this body.

To have a state and responsibility for this state means that we must set ourselves such basic objectives for the immediate period, which would provide us with a clear vision of what we want to achieve. First and foremost, we will need to rapidly constitute a whole set of central bodies of state administration. We have no more than two months in which to do this. Fundamental changes in the entire process of drafting law will have to be adopted very quickly. The fact that laws should be good only from the internal viewpoint will not suffice. They must be adaptable in the foreign context, in the context of European Communities, where we reaffirm our trend toward integration. We wish to be a part of the European Community. Of course, this places higher demands on the government and on the administration of the country, so that we may complete the stage of winning independence and commence the stage of building the prosperity of the state. The degree of peoples' happiness and the degree of this state's prosperity will be equal to its power and its recognition in the context of international affairs.

The laws you will be adopting will be important. Allow me to hand to you, through the National Council's chairman, the first present from the government. It is the first Digest of Laws of the Slovak Republic, effective from 1 January 1993, and which contains the first laws that you adopted and that are due to come into force as of this day. [applause]

Esteemed ladies and gentlemen, all of us were elected through the will of the electorate in democratic and free elections. These people instructed us to defend, assert, and solve their interests and problems. We are taking upon ourselves their instruction and we wish to fulfil it as honestly as possible at this moment. This is why I regard as correct the fact that we should never forget those through whose will we were elected, and through whose will we are honored to work here. I would consider it correct for all Slovak National Council deputies to adopt a loyalty oath to the new Constitution as soon as possible. [applause] The loyalty oath would forever wipe out the doubts of some who felt that, since they did not vote for it, it does not apply to them. It is both an expression of a binding norm and an expression of political will to respect it.

We regard it as correct to implement further changes in the entire organization of working relations between the government and the parliament in the legislative process.

At this moment all that is left is to hope that the citizens of this country find peace and happiness within it, to hope Slovakia will embark on the long and distant path it took with confidence in its unity and its ability. Yes, 1993 will be difficult, but there have already been many difficult years like this one. Each storm is always followed by brightness, each problem is followed by fresh hope.

I hope all of you, deputies and cabinet members, will be good managers of this land, that you will adopt laws and work for the benefit of all citizens. This benefit will yield also our own satisfaction, our own self-esteem, and our faith in our future. On behalf of the government and the citizens who trust us, my most sincere thanks go to all of you who have helped the government during the wonderful year of 1992, and for the difficult period of doubts, for the search and decisionmaking, and for your participation in this process. We look forward to our work in 1993. All the best and good health. [applause]

Delivers New Year Address

LD0101184793 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1200 GMT 1 Jan 93

[New Year's address by Slovak Prime Minister Vladimir Meciar on 1 January; place not given—live or recorded]

[Text] Dear fellow citizens: I am talking to you, Slovaks, national minorities—the Hungarians, Czechs, Polish, Ukrainians, Ruthenians, and Romanies; that is, citizens of the Slovak Republic, substituting for the president of the Slovak Republic.

I believe that you will soon be acquainted with a regularly and democratically elected representative of the Slovak Republic as head of state.

The dominant political event of 1992 was the termination of the CSFR and the subsequent birth of the Czech Republic and the Slovak Republic as sovereign states. The end of the CSFR is a sum total of the geopolitical changes in the world, the historical development of the states of the Czechs and Slovaks, the divided economic, social, and political development in both republics, and just as a consequence of the mistakes, which deepened after November 1989.

It is a mistake to assign responsibility for this situation only to those who made the last step. This is most frequently done by those who had made the previous nine or ten steps leading toward the end of the state. Federation is a question of the past; let us learn from the mistakes of coexistence and let us develop all that is positive.

The transition from the Federation to sovereign republics is unique by virtue of its high political culture, the unrepeatable standards of organization, and the search for and adherence to constitutionality and peace.

On the basis of the developments in Yugoslavia and in the former USSR, we do not realize these facts very well and we do not appreciate them. The world appreciates them much more.

Throughout Slovakia we have welcomed the establishment of the state of the Slovak Republic. We have something to celebrate; we have something of which to be proud. It is not just that we have longed for our own state in the course of 1,000 years of our history. The establishment of our state has offered an opportunity to all its citizens to participate directly in the all-European and world integration and, (?as) a state, to become emancipated in its relations to other states of the world.

This is an effort to become assimilated with the trends of developments in the third millennium. As far as the Slovaks are concerned, this is also an escape from assimilation and the loss of our national self-awareness.

The establishment of our state was also made possible because the political, economic, and cultural level of our citizens predetermined this act of creation. We now have the opportunity to participate directly in the European integration processes, to cooperate directly with all the countries of the EC, and to prepare a move from the association agreements to a direct membership in the EC. We intend to guarantee our security within the framework of the all-European system of collective security.

We are not joining Europe; we are a part of Europe. Despite predictions, Slovakia has been internationally recognized as a state. We wish to cooperate with all those who wish to cooperate with us. We are approaching the world family of states without prejudices or bias, respecting its regulations, ways of life, and international norms as well as offering a guarantee to honestly fulfill all the obligations of the former CSFR, to which the Slovak Republic has become a successor state.

We consider our relations with the United States to be important. Although at the end of the year somebody tried to mix hemlock into these relations, we believe that it will not influence our relations. Slovakia will observe the inviolability of representative offices of all states and all the pledges stemming from international conventions.

Relations with Ukraine and Russia are important in terms of economic significance. The renewal of trade exchange could help all of us.

We have most numerous contacts with the Czech Republic. Even with the political disintegration of the former state, we tried to create space for a common market characterized by the free movement of people, capital, goods, and services. It is difficult to predict all the details of future development, but Slovakia wants to properly fulfill all the pledges concluded so far and develop cooperation on a qualitatively higher level in our new interstate relations. We do not think that we need customhouses, or border crossings, or any other limitations to achieve this.

We consider our relations with Austria to be full of prospects and important. Our common border is, at the same time, the border with a country with a pluralistic democracy and a social and market economy. [sentence as heard]

Following the signing of the agreement on free trade, space is opening up for new agreements with Poland on border cooperation, economic cooperation, and building infrastructure on both sides of the border.

Our interest in having good relations with the Hungarian Republic is permanent and sincere. It is based on the principle of the consistency of the borders and no interference in internal affairs. It is not in our interest to have another round of the arms race in central Europe or to create a new source of tension here. We think the Gabcikovo-Nagymaros problem can be solved on the basis of agreements between us. Calls to dismantle the hydroworks are not realistic. We are prepared to discuss any other issue.

The maturity of the Hungarian nation creates the necessary precondition for tackling and solving our mutual relations through bilateral talks. The Slovak Republic is prepared to hold such talks and reach an agreement.

We have our own state now. What next? In what direction are we moving? These are the questions I was asked most frequently as the end of the year approached. We rejected socialism and we also reject the concepts of capitalism of the last century. We are in favor of building our society based on the balance of social and market

relations. Our aim is to live in conditions and in a society like those which exist in Austria and in Germany.

In November 1989 we rejected the system, which was bad. In rejecting the system we should not reject the work of those who worked with courage even in the bad system. What is necessary is to make a clean break with the past. It is not enough any more to oppose the totalitarian system; it is now necessary to be in favor of something new.

The line drawn from the past should be understood as an act of reconciliation and the creation of an opportunity for everybody who wants to work in the new conditions and is capable of doing so. Reconciliation does not mean forgetting. Therefore, no political space will be created for a return of the old, previously powerful people to political and state power. Reconciliation offers an opportunity to aim toward the future and to concentrate all our forces in the interest of positive developments in the future.

The establishment of a state is an opportunity and a challenge at the same time. History has offered this challenge only to a few generations. We are facing it now. We have to cope with it if only in the interest of our children.

In this year's first two months we will complete the structure of the central bodies. This will be followed by changes to the territorial division and structure of the state administration and self-administration. The previous state of affairs cannot continue. A decentralization of the decisionmaking process is necessary. There will be no Blavocentrism [concentration of decisionmaking bodies in Bratislava].

We will be capable of offering rather speedily legal guarantees for building the political system of the state and creating a society that is politically stable to such an extent as to guarantee that citizens are equal as far as their basic civil rights are concerned. The protection of rights has to be guaranteed not only against the totalitarian regime, but also against new dangers of corruption, lobbying practices, and clashes between state interests and the personal interests of deputies and state officials. We have to complete the building of state policy mechanisms in such a way that the trustworthiness and stability of our state are strengthened while political plurality is preserved.

We stand at the beginning of rebuilding our legal system on democratic principles. The important thing is to change it in harmony with the new social changes and to make it compatible with the legal system within the EC.

Far-reaching changes will be carried out as the structure of ownership relations changes. Privatization will continue. Efforts to create a new social strata of businessmen will continue. There are many functions we have never performed, whether they be in trade, banking, or foreign relations. There is much to be learned by all of us. Only he who can work for himself is able to get himself ready for new tasks.

Our situation is also made more difficult by the fact that the rise of the state is taking place in a period of economic recession. The existence of this recession is not conditioned upon state and constitutional relations. It existed before the state. This is why one of the basic functions will be to halt the deepening economic crisis and the ensuing social consequences.

There are many problems in our society, but we have sufficient inner resources to overcome them. This requires the ability to put forth a common view on the basic issues of state interest. There will be enough reasons for dissatisfaction as well. The key point is for the accumulated energy to be turned into a creative energy and translated into the creation of the new and the quest for solutions.

I therefore appeal to you, citizens of the Slovak Republic, to search for and find answers to your future in this society of ours. All of us will be weakened if our citizens are set against each other according to their nationalities. All citizens of this state have equal interests and this should be the determining factor. Respect for diversity should never be elevated above the interests that unite us. Slovakia is the homeland for all of her citizens and national minorities.

I appeal to you, young citizens: Display your enthusiasm and energy in conjunction with personal and public interests and identify the fulfillment of the purpose of your work with this interest.

I turn to those with graying hair: Please help us with your life wisdom and your accumulated responsibility. I turn to the heads of enterprises, businessmen: Train and lead your companies to compete on the all-European labor market. It is not enough to be good just at home.

I turning to the members of the intelligentsia and intellectuals: Our community can develop only with the balanced unification of spirit and work. Mastering the knowledge of the advanced countries and its application to our conditions will decide on our direction.

I turn to mothers, who with their milk give children speech and feelings: Teach them to honor and love their country. Teach them pride as well as respect and love for other peoples. If we believe in ourselves, the world will believe in us too. If we understand ourselves, the world will understand us too.

I wish you health, a little bit of luck, and peace in your souls and around you in the New Year. I wish our state peace, prosperity, good neighbors, and rich and happy citizens. I wish you luck on your way, Slovakia!

Rejects Slovakia's Historical Parallel

LD3112195792 Prague CTK in English 1936 GMT 31 Dec 92

[Text] Bratislava, Dec 31 (CTK)—Slovak Premier Vladimir Meciar has rejected the notion that compares the establishment of the present Slovak Republic to the Slovak puppet state of the Second World War while meeting with foreign journalists at a press conference today.

This time it is an expression of the public's democratic choice but then it was an imposition, Meciar said.

On Slovak economy, the premier did not believe that the partition of the Federation has contributed to its crisis. More important was a loss of East European market, unsuitable composition of Slovak industries and improper ownership relations. This crisis originates in the womb of the Federation, Slovakia now takes over and is forced to solve it, Meciar said.

Meciar emphasised his willingness to continue working with Czech Premier Klaus' ruling coalition, if it remains in power. With their pragmatism, the relations should be stable, he said. If someone else gets there, the divorce would be harsher, the premier stressed. He also excluded even a remote possibility of border tensions between Czechs and Slovaks.

Gasparovic Addresses Gala Parliament Session

LD0101155193 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 0905 GMT 1 Jan 93

[Address by Ivan Gasparovic, speaker of the Slovak National Council at 1 January gala session in parliament building in Bratislava—live]

[Excerpts] Esteemed deputies of the Slovak Republic National Council [SRNC], esteemed members of the government, esteemed guests, dear citizens: I have been given a responsible and honorable task—to address you in the first hours of the independent and sovereign republic. As from today, 1 January 1993, Slovakia is independent. Slovakia has become a reality. For the first time in the history of this country, our democratic state has been born. A new republic has been added to the map of the world, as a result of years-long—often controversial—historical development of the Slovak nation. [passage omitted]

It is not always the case that there is a power and political structure which makes possible a peaceful birth of new states, and in which the right of the nations to their own statehood may be implemented. It would be to the detriment of our nation if we made no use of this, for us favorable historical situation, if we remained indifferent to the appeal of history and watched indifferently how someone else decided our fate yet again; all the more so as we wanted nothing else but the right to a life with equal rights in the world of free nations, including Europe.

The foundation of an independent and democratic Slovak Republic is the culmination of efforts by the new political and state representation, which was given space after November 1989, and which respects the view of the majority of the nation in a constitutional way. [passage omitted]

I would like to appeal to the deputies in this festive moment: Keep in mind the interests of the Slovak Republic and subordinate to them their often narrowly comprehended party needs. We are not after formal unity that ignores a natural spectrum of opinions and of political differences, which is necessary for the life of every democratic plurality. I have in mind the unity of basic aims such as political stability, spiritual restoration, and the economic prosperity of Slovakia. The new situation also demands close cooperation and correct relations between the ruling parties and the opposition. At this point, however, I must say that we probably will have to learn to listen attentively to all voices, whether they are those of approval or critical ones, because knowledge and correct decisions are always born from dialogue.

Among the main tasks of the SRNC is the creation of legislative prerequisites for the functioning of all structures of the state—economic development, legal, and social security of citizens. Deputies should guarantee that fundamental moral values will return to our community, that the Slovak society will respect not only human rights recognized by international conventions, but that it will safeguard an honorable and valid life for all citizens.

We ourselves will decide upon our present and future. We will live without guardianship and tutorship. Our responsibility is greater for it. But we must break the barrier of mistrust in ourselves. We must rid ourselves of feelings of inferiority, mistrust, and uncertainty. Proudly, honorably, and responsibly, as pertains to citizens of a sovereign state, let us come to terms with both the known and unknown difficulties that are in store for us.

While enjoying this justified joyful feeling, let us be realistic. Let us not promise ourselves what we cannot fulfil. Let us not believe that honor and independence will be easy and conflict-free. But the life of our society will only have the sense, which we ourselves give to it.

Slovakia, on the territory of the SRNC, has declared that it wants to live in friendship with all the states and nations of the world. We want to maintain good and bilaterally advantageous relations, above all, with the Czech Republic, and with our other neighbors. We have a vital interest in the fact that Central Europe might become a place of political and economic stability.

We have declared that the Slovak Republic will observe all the concluded international treaties and agreements, it will join international structures and organizations, and by its share it wants to contribute toward creating a good atmosphere and cooperation among the European

and other peoples and nationalities. Slovakia has never had aggressive intentions. It rejects solutions of contentious questions by the use of force, as well as slanders and untruths about the life in our country.

Esteemed deputies, allow me to express the conviction that capable, wise, hard working, and talented people live in Slovakia. Let us not worry about our future. I believe that the Slovak Republic will be an honorable member of the great family of the peoples of the world, that it will win its place in international competition, and will prosper. Today too I want to thank our compatriots, descendants of Slovak emigres, who, even after after many years, have not lost their warm feelings toward the Slovak land; they helped it and certainly will help also in the new conditions. Their strivings are being fulfilled. Slovakia is free and independent.

Esteemed fellow citizens, the new year has indeed come, but so has the new historical stage of the Slovak Republic. We have touched time, we have touched history. We are no longer passive observers. Our future is in our hands. We must not be frightened of this responsibility. Our descendants would never forgive us. Allow me to wish all of us that we may honorably and responsibly fulfil our aims for the future.

Thank you. [applause]

Knazko: Relations With Czechs Remain Priority

LD0101192593 Prague CTK in English 1755 GMT 1 Jan 93

[Text] Bratislava, Jan 1 (CTK)—Cooperation with the Czech Republic will be a priority for Slovakia, Slovak Minister of Foreign Affairs Milan Knazko told journalists today.

Slovakia will orient itself toward European structures, but at the same time will not steer away from developing relations within the Visegrad Group of Hungary, Poland, and the Czech and Slovak Republics, Knazko said.

The Slovak side agrees with the appointment of Miroslav Macek, former Czechoslovak deputy premier and former first deputy chairman of the Civic Democratic Party (ODS), as Czech ambassador to Slovakia, he said. But he declined to name Slovakia's ambassador to the Czech Republic because the candidate has not been confirmed by the Czech side.

Macek's name has not yet officially appeared in connection with the post of Czech ambassador to Slovakia. But on December 30, the Czech daily RUDE PRAVO wrote that according to its information, Macek could be a candidate. Asked to comment this, Macek told the paper: Who has told you this? I hear this for the first time.

Slovakia does not want to and will not export military technology to crisis regions and will observe resolutions of the United Nations Security Council, he added.

Slovakia begins its independent existence with 59 representations abroad, but this number will be reduced or increased depending on future relations with the Czech Republic, Knazko said. The Slovak Government has already named several ambassadors, who will take up their posts within the first days of January, he added.

He said that 62 countries had officially recognised the Slovak Republic so far. After his meeting with journalists, Knazko received official recognition of Slovakia by the United States from U.S. General Consul in Bratislava Paul Hacker.

New Republic Recognized by Norway, Albania

LD0301174893 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1600 GMT 3 Jan 93

[Text] So far the Slovak Republic has been recognized by 70 countries, according to information provided by the Ministry of Foreign Affairs. The ministry says that the latest countries to hand over diplomatic notes were the Kingdom of Norway and the Republic of Albania.

Antall Views U.S. Policy, Balkans Crisis

LD0301190993 Budapest Kossuth Radio Network in Hungarian 0805 GMT 3 Jan 93

[Studio interview with Premier Jozsef Antall by unidentified announcer, on 28 December; recorded—from the "World Clock" program]

[Excerpts] [Announcer] [passage omitted] Mr. Prime Minister, is there not a danger that the change of administration in Washington may cause, at least temporarily, a minor foreign policy paralysis?

[Antall] It is obvious that every change of government, transformation of government means a temporary slowdown and may mean that domestic political, internal economic social problems come to the fore, especially if a government like the Clinton administration wins the election by this means. Therefore, it is conceivable that for a temporary period a paralysis of this kind may prevail in U.S. foreign policy, but I do not think that it will last long. [passage omitted]

Another question is the way in which U.S. foreign policy can be looked at. In my view, the characteristic of U.S. foreign policy in the temporary period will be much more to represent continuity than to bring some novelty or a special change. I especially do not believe that a spectacular change will occur in the immediate future. [passage omitted]

Examining the continuity of U.S. foreign policy, we must see throughout that party political differences may be one of emphasis and do not affect the essence of that policy. The essence of U.S. foreign policy is determined by which region attracts greater interest and in which region an event occurs. Generally, concentration on one aim is characteristic of U.S. foreign policy. [passage omitted]

[Announcer] According to you, Mr. Premier, what can be expected in the southern Slav region in 1993?

[Antall] I think that a quick solution to the southern Slav crisis is hardly conceivable. Here very firm political steps are necessary on the one hand and obviously we, too, would like a cease-fire as soon as possible in order that talks may really commence after the guns are silenced. [passage omitted]

The other thing is the attitude of foreign countries. At the start, during the period of internal differences in Yugoslavia, the various West European countries and the United states did not perform well, and failed to recognize those differences. [passage omitted] Certain people held the view that Croatia and Slovenia mean a bit of German, Italian, Austrian, Hungarian orientation; this is a complete misunderstanding of the present developments, a misunderstanding caused by comparison with the two world wars. Right up to the emergence of the crisis in Bosnia-Hercegovina, British and French policy might have created the impression in certain Serbian nationalist circles that these countries would be backing the Serbian endeavors as in some sort of World War I political reaction or political nostalgia. Then the Bosnian crisis showed that it could not be handled in this way.

The question is what kind of political development is going to take place in Russia. Will the political development in Russia prompt Serbia to seek peace and to give certain guarantees, or will a direction be asserted which would in fact be aimed at some kind of Russian-Serb regional cooperation as opposed to international political influence? [passage omitted] So if the world wants to solve the Balkan issue and sort out the affair of Yugoslavia it is only possible if the NATO and the EC act jointly; that is, Europe must be able to show a united attitude, and Russia must be involved. The Balkan issue can be settled in the framework of a global, long-term foreign policy with the observance of the UN resolutions. [passage omitted]

I think that the political demands of the Hungarians living in the territory of rump Yugoslavia are by all means justified. Their efforts to obtain guarantees for themselves are justified. As for guarantees, this certain autonomy of individual rights, the principle of cultural and territorial autonomy can all be justified, for the issue here is whether the Hungarians can defend themselves in this territory, here I mean peaceful means, that is, they can remain in their place and operate their institutions. Within this framework, while establishing good bilateral relations with the successor states of Yugoslavia, we also have to strive for the establishment of such relations with Serbia or rump Yugoslavia in the future which can be achieved with a steady coexistence, and by guaranteeing the existence and security of the Hungarian population.

[Announcer] Do you regard the threat of a possible arms race between Slovakia and Hungary as realistic?

[Antall] I do not see it as realistic. I think that if the view of disarmament, the military-political approach which has characterized the past few years and has been reflected in the existing security agreements is asserted, then I do not think such a thing can happen. I would not like such an arms race in any sense. It is certain that it will not start from our side. [passage omitted]

The essence of the Visegrad cooperation is that in a political sense we have always regarded it as a political club which does not represent a separate organization in the security policy issues of Europe but fits well into them. As for the economic area, the free trade agreement which was recently signed in Krakow and which regulates economic cooperation for years has just shown how real the Visegrad cooperation is. We can say today that the Visegrad Three, now Visegrad Four, are showing serious results in free trade cooperation, in cooperation with the EC and it can be further asserted in the political area, too. The Czech and Slovak separation process obviously may have caused hitches in this, since the

bilateral agreements took place quite smoothly with the Poles, and these concern very significant bilateral interests [sentence as heard].

[Announcer] A very brief question about Romania, with special regard to Hungarian-Romanian relations. Can at least a minimum shift be expected in the relations between Hungary and Romania in 1993, with special regard perhaps to the Hungarian minority living in Romania?

[Antall] We are striving for good bilateral relations in every field. However, good relations are inconceivable without smooth relations with the Hungarians living in Romania, in Transylvania, without minority rights being asserted in the form laid down by the Hungarians in Romania. Our basic principle is that we always try to assist the political endeavors of the Hungarian minorities living in a given country, because they know what their interest is and our task is to proceed in concert with their interest representations, with those political endeavors. I do not like it when someone in Budapest thinks he can define what is good for the Hungarians in neighboring countries. I particularly dislike it if someone is a great patriot here and says things here that might perhaps be contrary to the interests of Hungarians living beyond the borders. [passage omitted]

Sadly, no confidence-boosting steps have been taken in the past period. What is more, several steps indicated the strengthening of nationalist ideas. On the other hand, it is very disadvantageous if absolutely unfounded political accusations are made against a country, such as against us.

[Announcer] Mr. Premier. In your opinion can 1993 bring some really new momentum regarding European unity? Here I mean not only the unity of West Europe but also the joining of East-Central Europe.

[Antall] It is very difficult to predict the possibilities and ways of European unity for a year. [passage omitted] It is very important that during this period the individual parliaments ratify the association agreement concluded with the Visegrad countries. If we add to this that talks are being held with the European Free Trade Association countries, Austria, Sweden, Finland and Norway, then steps, if not final but at least continuous steps, may be taken within the EC toward its extension, and further steps are possible in the area of the internal cooperation of the EC, the homogenization of its internal structure, too. In truth, here, too, two stands can be asserted, one stressing closer ties and Brussels' central role, and one which would not accelerate these events so much. One thing is certain. In this decade we Hungarians have to count not only on the EC and its institutions that we see today, but we have to progress continuously with the development of the EC and we have to keep in movement our system of institutions, economic life, our entire European policy, and we have to adjust our intention to join a moving, changing Europe. Joining comes with sacrifices and this joining requires enormous efforts and sacrifices from us in several areas. However, it would be worse than this sacrifice and effort if Hungary were left outside the EC and our possibility to join were greatly delayed, for more than 50 percent of Hungarian exports are already directed to the EC countries. This will particularly apply if Austria joins the EC; Hungary would simply be sentenced to death economically if we failed to fill with content our association agreement with the EC and then failed to join it.

Views Economic, Political Issues

LD0401001193 Budapest MTV Television Network in Hungarian 1830 GMT 3 Jan 93

[Studio interview with Prime Minister Jozsef Antall by unidentified reporter; date not given; recorded—from "The Week" program]

[Excerpts] [Reporter] The political and economic stability which has been achieved by the country is remarkable. My question is whether it is possible to retain this economic as well as political stability next year, or even strengthen it.

[Antall] First of all, I would like to greet the viewers, the people of Hungary on the occasion of the new year. While drawing a real balance of the past year, I should be pleased if we gave a real picture of the prospects for the forthcoming year, too.

We are well aware of the fact what an unemployment rate of 640,000 means. Unfortunately, this goes with economic transformation all over the world. Yet, I think it remarkable that last year Hungary managed to remain stable, that we managed to preserve economic and financial balance. What is more, the strengthening of the forint raises some problems, that is, the forint is too strong in foreign trade.

We have succeeded in creating social security within the limits of possibilities. In addition, our actual slogan, i.e. the maintenance of stability, viability, and at the same time ensuring transformation, was asserted last year. I think we will be able to follow this road in the forthcoming year, too. The facts, that the number of new businesses can be estimated at 500,000, and 300,000 jobs have recently been created, indicate that there are enormous reserves in the Hungarian economy, and all these would have arisen as an unemployment surplus if we had failed to achieve this. In addition, in the case of agriculture which is subject to so many criticisms, the area of cultivated territories has also considerably increased by more than 100,000 hectares. Consequently, it is not true that some kind of decline took place. It is a natural thing that the change of ownership, a transformation always brings about temporary difficulties.

[Reporter] I think the aim of this year will be that the middle layer of society should strengthen and that people should not fall behind this layer; rather, this layer should develop and strengthen.

[Antall] It is necessary to keep these layers, these groups, a broad layer of Hungarian society, the middle layers on which the adherents of democracy rely in every country. This notion is understood not in its old meaning, but it involves skilled workers as well as university professors, so it is necessary to hold back these social groups, the wage earners, from any kind of decline at least in the first phase. In addition, it is neccessary to make it possible for an upswing to take place. From the point of view of employment, this social group has always been in a difficult situation, because it is the easiest thing to control either through taxation or any other aspect. So, transformation quite often unjustly asserts itself at this group's expense, and it is very difficult to keep this under control. I totally agree with this, but it is far more difficult to execute this in practice. However, there can be no doubt that this is our fundamental political intention.

[Reporter] There were issues which it was not possible to resolve last year, for example the media law, which has greatly stirred up passions.

[Antall] [passage omitted] As for the media law, it could in fact be said to have ended in failure. However, I do not in the least feel this failure to be the failure of the government, not even the failure of the government coalition. This is a long process. [passage omitted] I nevertheless think that there is in this on the one hand a political hysteria, which is dependent on people's thinking that it is possible to strive for some kind of exclusive possession of radio and television. It may be that there are those who did strive for this, but one thing is certain: The whole of the government coalition and the government have never striven for this. We are unequivocally believers in objective information—we have said this many times already, together with the freedom of expression, the freedom of the press. This is what we wished to serve with the radio and television law as well.

Those who wish to assert political intentions contrary to this do not come from our ranks. What we have said is that these conditions must be created, since we saw how hard the preparation of the media law was; that in regard to personnel issues temporary measures had to be taken simultaneously with the relieving of the media presidents. The opposition at that point took the stance that it was not willing to discuss personnel issues while there was no media law. Everyone was able to see and hear this unequivocally.

Since the president did not sign the recommendations submitted by myself—I will not go into the details—in regard to the reliefs and the appointments, the Cultural Committee, in the course of parallel discussions which had gone on for two years now, brought together a media bill which the government supported, since it was submitted by the government. Thus we undertook, in the framework of an extraordinary session, if need be between Christmas and the new year, to enact the media law, which they had previously set as a condition for decisions to be taken in personnel issues as well.

That is how this vote came about. It is worth remarking that during the vote and previously in this connection, the government parties' decision was yes. The Alliance of Free Democrats and the Hungarian Socialist Party decided to vote no, while the Federation of Young Democrats decided to abstain.

A debate developed here in regard to whether this whole bill was a two-thirds one [requiring a two-thirds majority] or not. [passage omitted] We in fact were willing to adopt a good bill with 50 percent and two-thirds majorities. At the same time, however, we were not able to adopt this bill which had been destroyed and smashed by a deliberate strategy, and that is why we chose this solution, to abstain. That is why this peculiar situation developed, whereby the majority of the government parties voted by abstaining and the majority of the Federation of Young Democrats voted by abstaining, while the Socialist Party and the Free Democrats voted no.

The rejection of this bill naturally raises the question that the 1974 government decree, which is concerned with supervision of the media, and which the Constitutional Court has declared to be unconstitutional not in its entirety but only insofar as it does not contain guarantees with regard to impartiality—naturally this continues to be valid.

As for what was the purpose of the opposition, and what their purpose was by rejecting it, well, they will justify this and perhaps they will be better able to justify it. I, however, can risk saying without any qualms that on the one hand they tried to show that there is a need for some kind of six-party coordination in the case of every two-thirds law. This is a total misunderstanding of democracy. I have already said many times that those who constantly demand six-party coordination, or this or that kind of agreement, want a people's front policy. The essence of democracy is that the majority, when it comes into power through free elections, should govern in full awareness of its responsibility. This mania for six-party agreement and constant six-party discussions—in normal countries this can only be asserted in crisis situations when it is a question of the country's existence, and not by the minority constantly deciding at preliminary discussions what the majority is allowed to do.

[Reporter] You have mentioned the crisis. Fortunately Hungary is an island of peace, here in the very middle of Europe. I wonder whether Hungary will be able to preserve its integrity?

[Antall] I trust that we will be able to make use of the independence we have gained. At the same time we have to see what danger is inherent for us in the civil war that has evolved in the territory of the former Yugoslavia, which we might now safely describe as a war. There we are primarily concerned in every respect, either regarding the security of the Hungarian minority, that is

the 400,000 Hungarians in Vojvodina, or all the Hungarians, almost half a million, living in the various republics of Yugoslavia, or regarding our direct economic interests and the interest of the Balkans as a whole. The only thing we can trust is that the world will be able to manage the problems of Yugoslavia with a concerted, global political strategy; and that in Yugoslavia the elected leaders of rump Yugoslavia and the persons in charge of politics, who are responsible for decisionmaking, will at last understand what is at stake. And we trust that the leaders of the Yugoslav People's Army will also understand how far the role of the army may extend.

The other issue is the territory of the former Soviet Union, where we are fully aware what crucial events are under way. That is why the Bush-Yeltsin meeting was so important, as was the signing of the START II today; and at the same time it will stabilize the position of President Yeltsin as well. In Russia there was no tearing test between the army, possessing nuclear and conventional weapons, and the political leadership, and the responsible political leadership prevailed.

I might also refer to the divided Czechoslovakia, which came into existence on 1 January; an absolutely new situation has been formed. I think the responsibility of the West will predominate, and will have to predominate, insofar as there should be stability in this region and the united stance of the West is necessary. This stance is a concerted political action that was unfortunately missing in the past period, not only in the past months, but in the past years as well. The leading Western powers can by no means reproach us and this region by saying that here there are nationality and minority conflicts, now that new borders are being formed. The conflicts between these countries have evolved in many respects as a consequence of the fact that the political map of this region was earlier formed by means of bad politics and, it can safely be said, by artificial and ill-considered ideas; and in economic issues and military issues after World War II as well, they pursued politics of which this is a direct consequence.

Foreign Minister Comments on START II Treaty

LD0301230893 Budapest Kossuth Radio Network in Hungarian 1700 GMT 3 Jan 93

[Interview with Foreign Minister Geza Jeszenszky by reporter Agnes Pap on 3 January; place not given—recorded]

[Text] [Pap] Many people query whether the START II treaty can be kept. In your opinion, will the two big powers have enough strength to put the treaty into force in the successor states of the former Soviet Union?

[Jeszenszky] I think this treaty is so much a sign that rationality will overcome irrationality and passions, that we have to hope that, when considering this treaty, the deputies of the Russian Parliament will also let themselves be led by rational motives and be persuaded, because this treaty, I am convinced, will really increase Russia's security. This treaty is a good solution, and we can only hope that the majority of the Russian Parliament will see what advantages this treaty implies for them. So a lot will depend on the submission, the events to come until the ratification, the relations of the two powers, and last but not least on the extent to which the United States is able and willing to help Russia.

I think the process of ratification will be influenced by the way the relationship between the citizens of the two countries will develop, so that the prejudices that still exist in Russia today—and it is no wonder they exist, since for at least nearly half a century the United States was seen as an archenemy—well, these things must cease and must be eliminated; the devil should be expelled from the souls. This process, the way this process is being formed, will affect the ratification process.

Views Treaty's Impact, Austrian Ties

LD0401104193 Budapest Kossuth Radio Network in Hungarian 0545 GMT 4 Jan 93

[Telephone interview with Foreign Minister Geza Jeszenszky by studio presenter Agnes Pap; place and date not given—recorded]

[Excerpts] [Pap] What does the START II treaty mean for Hungary?

[Jeszenszky] This treaty is very good news for the whole world. Perhaps the most important thing is not whether the number of warheads is cut from 20,000 to 3,000 or 3,500 in the two superpowers, but this treaty means that apart from reaching an agreement on this important question of detail, the leaders of the two nuclear superpowers have chosen the path of further cooperation. In recent weeks, there have been rumors throughout the world and in Hungary, too, that a significant change of direction can be expected in Russian foreign policy as well as in Russian domestic policy in the near future. This treaty indeed proves this wrong. It indicates that President Yeltsin is maintaining a firm hand on foreign policy and this foreign policy will not change on this major issue. This is perhaps the most important thing for us. [passage omitted]

[Pap] The Austrian defense minister has said that Austria must arm owing to the situation in Eastern Europe. They will strengthen the army, too. In your opinion, is an arms race in Europe conceivable?

[Jeszenszky] The Austrian armament can mean several things. It can mean that they will strengthen border defense. The southern Slav conflict may also generate certain concerns—the Serbian Army is an extraordinarily powerful army and Austria is close to it even if it does not neighbor it directly. So in this sense the dragging on of the conflicts, the intensification of nationalism and intolerance may generate certain worries in every country. I can imagine the present situation in this context. However, I do not think that today anyone

thinks that stepping up and increasing armaments—an arms race—will provide the solution for the security of these countries. Opposite processes are being shaped here. A comprehensive European security system is being shaped and will probably continue to be shaped for years. This will give security guarantees with a rather low level of armament to every participating country.

[Pap] This is why the defense minister's announcement is perhaps strange. What do you think Hungary's reply can be?

[Jeszenszky] It is certain that Austria is not afraid of Hungary. Hungary has no reason to be afraid of Austria, either. And in general, I do not see the need for nor the danger of the emergence of some kind of mad arms race between Hungary and its other neighbors.

President Gives New Year's Address

LD0101021593 Budapest MTI in English 2325 GMT 31 Dec 92

[All punctuation as received]

[Text] Budapest, January 1 (MTI)—Hungarian President Arpad Goncz delivered the following New Year's address on Hungarian television just after midnight on January 1, 1993 (full text):

"Dear friends,

Well, this year has also come to an end. There must be people among us who feel that they have finished the most successful, even if not the easiest year of their life. But I think there are many more people for whom 1992 was a year of incessant struggle for life, a year of postponed dreams as well as accomplished desires, of abortive beginnings as well as successful restarts.

For the whole country, it was a painfully difficult middle period, the latest step on a road leading to a half-glimpsed future. A milestone which we had to leave behind because there was no place to return to, and because we must cover the road, no matter how hard. There will be no one else to cover it instead of us, and whether we can cover it depends only on us.

Tonight let's raise our glasses to our success in preserving the best of our values, our humanity, and ourselves, and let's forget the price of it. Let's raise our glasses to our success in getting through the year with persistence, tolerance, and new ideas. That we learnt gradually, like it or not, that we can advance from one to two only together, understanding one another. Government and people. Party and party. Employer and employee. Family and family. Man and woman. Neighbour and neighbour. Because our strength, the strength of our country, lies in this and nothing else. We know, and we have learnt, that "they take our burden and worry to heart but are not such fools as to shoulder them". We have no reason to expect more than good words and encouragement from either the West, or the East, or any soul.

"Friends,

The world around us is in turmoil, with some wicked winds sweeping across our borders, but we can say that we still did provide, and will continue to provide, shelter to the refugees of war. And we have learnt how good it is if, for the protection of human life and human ideas, we pool our money, strength, and professional skills—all that we have. That those who have common interests act rightly when they pool their forces to protect and assert their common and just interests. That communities grappling with common worries ease their burden if they give voice to their worries and coordinate what to do. If the faithful do not renounce the warmth of being close to God together, and the members of afflicted small communities do not renounce the warmth of being close to one another. Because we must warm one another if the world around us is blowing frost. We must make room for the weaker, for those longing for warmth. Those who might just escape from the winter of hatred, solitude, or misery.

Friends,

Tonight, let's still forget our worries and raise our glasses, in good conscience and faith, to our future. Those who have champagne should greet the new year with champagne, those who have wine should greet the new year with wine, and those who have neither should greet the new year with words of hope. A year which will not be easy at all. But a year we can make easier for one another.

Let's raise our glasses to our wives who will again wage their everyday struggles three hundred and sixty-five times a year, and to our husbands who win bread for their families and for the country. And let's raise our glasses to our children, our daughters and sons, the babes-in-arms and the adolescents, because they are our future, the future of all of us, and it is the order of the world that there should be someone to whom we can pass the burden we bear today. And let's raise our glasses to our fathers and mothers, whose burdens we have taken over only in part because what stayed on their shoulders is still more than enough.

Meanwile, let's think about those who are not celebrating tonight, those who are guarding the frontiers and protecting law and order in the streets, the border guards and the policemen. The ambulance men. The firefighters. The seriously ill in hospitals and those who have stayed with them, who are on duty now. The engine-drivers. And all those who serve us while we wait cheerfully for daybreak—for the new year dawning on us.

Finally, let me greet all Hungarians inside and outside our borders, and all of my compatriots with another mother tongue, with five lines by Attila Jozsef:

"... The man is living,
eating bread and hoping,
waiting for winter to pass,
so that on a bench, in the sun
, he will feel his blood rise once again."

Justice Minister Addresses Assembly on Media Bill

LD3112105692 Budapest Kossuth Radio Network in Hungarian 1352 GMT 30 Dec 92

[Speech by Hungarian Justice Minister Istvan Balsai in the National Assembly in Budapest—live]

[Excerpts] Esteemed Mr. Speaker, esteemed fellow deputies: First of all I would like to reassure you that the proportions of the closing speech will not match the two years which have been spent on debating the bill on the media. Consequently, I will not even attempt to analyse the great number of amendments which have been submitted to the bill—more than 700—which would be an impossible task. I think I should finish it by 1993 at all events. [passage omitted]

During the preparations we had no Hungarian precedents to rely on. We based our work on international agreements—which we also promulgated and accepted—suggestions, and, obviously, the examples of legal regulations which had evolved in those democratic and constitutional countries which are of guiding principle for us. Consequently, I can say—although you may find it strange—that even the preparatory period of two years cannot be considered unjustifiably long. Clearly, the bill contains profound changes in the radio and television systems, in order to meet the demand for the free flow of ideas and information as well as the demand for provision to the citizens of information of various kinds. We hope that the adoption of the bill, on the basis of modern regulations and European standards, will lead to the provision of television and radio programming of the European type.

Naturally, the monopoly status of Hungarian radio and television will cease on the basis of the bill and national broadcasting will take on a completely new institutional structure. The two national public stations, however, which are of completely new legal status—and, I should emphasize, independent of any government that may be in power—will continue to remain the two basic institutions of radio and television broadcasting in Hungary.

The bill opens up the broadcasting market for commercial radios and televisions in various reception areas too. The much talked-of Radio and Television Office—a state administrative organization with national authority—will be set up to perform the official functions connected with the provision of licenses for broadcasting services. I believe that, unless the guidelines for radio and television are comprehensively modernized in accordance with the proposal, the operation of the media in harmony with the requirements of our age will not be feasible for us. At the same time it is almost a platitude to say that, without the significant influence of the media in society and politics, real democracy cannot be imagined.

Therefore we all are aware that much depends on the adoption of the law. Either we take the path regulated by law toward a modern media system, or the chaotic state of affairs is likely to continue. The effect of the latter is obvious: on the one hand indeed an escalation of the media war would unnecessarily sharpen the conflicts between the political tendencies even further; on the other we can expect viewers from abroad, who are unable to understand this conflict, to take the view, with good reason, that in the Hungarian Republic such a basic issue cannot be settled. Thus in this sense they may well believe that we are rather unpredictable, at least as far as our activity relating to important legislative issues is concerned. That is why it is in our interest to avoid the consequences outlined above.

As I have mentioned, more than 700 amendments have been proposed for the bill. A number of them, however, are amendment proposals submitted by the Cultural Committee, aimed at creating harmony with the law on telecommunications, which has come into force in the meantime, namely within the explanatory measures. We are in favor of these. [passage omitted]

We do not support the proposals, submitted mainly by opposition deputies, which are aimed at the modification of the well-known law on the appointment system of the leaders of the public service information media; that is, Hungarian radio, Hungarian television, and MTI. Our rejection of this is well known, and the esteemed National Assembly took a similar stance a few days ago, when it debated and rejected the proposal submitted by the president. The proposal, the government's proposal, the concept supported by the government, has been much criticized in connection with the group of regulations on the Social Council of the Radio and Television Office. The essence of the criticism can be summarized as follows: in the opposition's opinion, the rights of the Social Council in connection with the control of the Radio and Television Office are not satisfactory. We do not agree with this reasoning since, according to the law, this body is entitled to exercise full control over whether this office is carrying out its activity in accordance with the rules laid down in the law. In addition to this, it can take a stand on whether the office is carrying out its duties in matters of principle in connection with licensing activity in accordance with the requirements of the Social Council. If, in the opinion of the Social Council, the office has committed a repeated or serious violation of law, the council, as a result of this, can take steps relating to personnel and can propose the chairman's dismissal to the prime minister. Even if the prime minister himself initiates the dismissal, he still has to ask the Social Council's opinion. [passsage omitted]

I would like to say a few words about the matter of voting by a two-thirds majority, since in this respect we have to go back to the amendment of the Constitution in 1990. I

do not want to outline it, but we all know what led the political intention of almost all of us. The content of that constitutional amendment guides us completely in this question. According to the fourth paragraph of the 61st section of the Constitution, two-thirds of the votes of deputies present are necessary for the adoption of the law on the supervision and appointment of the leaders of the public service radio, television, and news agency, the licensing of commercial radio and television, and the prevention of monopolies in the information service. The aim of this amendment, as was also laid down in the preamble, was unambiguously to determine the way of voting in the National Assembly on the adoption of laws. [passage omitted]

Comparing this rule to provisions of the Constitution in connection with other subjects, the entire media law would require a two-thirds majority only if the Constitution laid down, as it does in connection with other laws, that a two-thirds majority was necessary for the adoption of the law on the public service radio, television, and news agency and the commercial radio and television stations. The Constitution, however, does not contain provisions for that. [passage omitted] Therefore it would be completely unconstitutional to suppose that there is a need for a two-thirds majority vote for the law as a whole.

According to this, esteemed National Assembly, on the basis of what I have said, I ask you to support the bill and adopt it together with the modification proposals supported by us. Thank you for your attention.

National Assembly Rejects Media Bill

LD3112121992 Budapest MTI in English 1143 GMT 31 Dec 92

[Text] Budapest, December 31 (MTI)—As reported early this morning, at the end of its probably longest session this year, which opened at 9 a.m. on Wednesday [30 December], Hungarian Parliament did not approve the so-called media bill, that is the bill on radio and television.

In the ultimate vote on the bill, which was held a little after 2 a.m. Thursday morning, there were no votes for, 122 votes against, and 170 abstentions.

Prior to this, in the course of the marathon, more than eight-hour long voting procedure, MP's [members of parliament] decided about some 700 proposed amendments. The opposition did not vote for the articles of the law that required a two-thirds parliamentary majority, which thus were left out of the bill, this meant the bill put to the final vote was "patchy", one with a "distorted" text.

On conclusion of the 8-hour voting, the original document broke into pieces, with whole coherent paragraphs disappearing.

Prior to the final vote shortly before midnight, a procedural debate evolved whether it is worthwhile attempting to eliminate the coherence problems, or the bill created is unfit to be put to the final vote altogether.

Finally, the voting took place with the above result. Discussions on the bill will continue after the winter recess.

The parties of the government coalition (Hungarian Democratic Forum, Independent Smallholders' Party, Christian Democratic People's Party) and the opposition parties (Alliance of Free Democrats, Hungarian Socialist Party, Federation of Young Democrats) are divided over the causes why the bill was rejected by parliament.

In their statement published still before the final voting, the parliamentary arms of the three opposition parties stressed that as a whole range of provisions requiring a two-thirds majority had not been passed, the resultant bill is inapplicable precisely for the purpose of independent radio and television work as stipulated by the constitution.

This regrettable outcome was due to the government coalition's first submitting to parliament a bill, for the two-thirds parts of which no consensus had been reached before the voting, the statement runs. The opposition parties did all they could for an agreement. The talks were interrupted by the pro-government MP's on October 27...[ellipses as received] Despite all this, the opposition was seeking a compromise with the government parties in the Cultural Committee, and made another attempt, on December 23, to start negotiations with the government parties. After the government parties had rejected the proposal, the text of the bill became as bad as possible.

Responsibility for the ensuing situation lies with the government and the coalition parties. The question of the media law can only be solved through negotiations, for which the opposition parties continue to stand prepared, says the statement of the parliamentary factions of the three opposition parties.

The MP groups of the government coalition issued a statement after the final voting on the media bill saying that the opposition had foiled the adoption of the two-thirds provisions of the law designed to ensure the operation of Hungarian radio and Hungarian Television free from political influence and in conformity with its public service tasks. The opposition MP's voted down those proposals, including their own, on which a complete consensus had been reached in parliament's Cultural Committee as a result of two years of coordination. Self-disclosing is their attitude making adoption of the law aimed at guaranteeing unbiased information and eliminating the unconstitutional situation dependent on acquiring leading positions in Hungarian radio and television.

The coalition's representatives could not undertake to vote the legal torso laden with self-contradictions which

came into being in the wake of the opposition's attitude. We regret to note that the opposition MP's—in a manner unworthy of democrats—prevented the birth of a highly important law of democratic transformation, overtly enforcing narrow group interests, runs the statement of the MP groups of the government coalition.

Sides Levy Blame for Bill's Rejection

LD3112122792 Budapest Kossuth Radio Network in Hungarian 0600 GMT 31 Dec 92

[Text] In connection with the media bill both the opposition and the government coalition have issued statements in which they blame each other for the failure. Let us listen to the opinions of those concerned. Mihaly Enyedi Nagy spoke to Miklos Gaspar Tamas, of the Alliance of Free Democrats, and State Secretary Tamas Katona.

[Begin recording] [Tamas] In our view the institutions representing freedom of speech are not government institutions and cannot be government institutions because of the nature of the issue. I think if the Hungarian Democratic Forum is in opposition after 1994, it will realize why it is necessary that the organ which grants frequencies should not work under the subordination of the government. Well, let us speak honestly. Will there be a parliamentary rotation, or not? Is it possible to change governments in a peaceful and democratic way and reelect parties, or not? The previous consensus which we initiated would have built guarantees for rotation into the Hungarian legal system. This did not happen. We would have liked to make sure that Hungarian citizens receive their information independently of any government, independently even of our forthcoming government. It was impossible to achieve this.

[Katona] This voting, which has taken 10 hours and has created an absolutely unviable torso, was necessary. It was necessary for the government and the National Assembly to prove that they wished to have this law. However, this law is a two-thirds law and cannot, of course, be guaranteed by a government coalition with 60 percent of the seats. It could be seen in the very first moments that the opposition did not wish to have a media law, because it voted against the most harmless things; for instance, what the broadcasting of a program is, or the provision of a program. They voted against the amendments as well as against the original motion. Yet, this vote had to take place, because there was a bill which had been coordinated by the committees for 30 months or so. We tried to resolve this issue through six-party coordination or in some other way. It was impossible. I think the maintenance of the ex lex state is presently more desirable for the opposition. I consider they are wrong when they appraise the issue in this way. For this reason, they did not wish to come to an agreement.

I can honestly say that I saw willingness for a compromise during the course of the six-party talks in October, as well as from the side of the government parties. The 170 abstaining votes of the government coalition wished to express this regret. [end recording]

Survey Shows Decrease in Government's Popularity

AU0101202193 Budapest MAGYAR HIRLAP in Hungarian 29 Dec 92 p 8

[Report by Guy Lazar: "According to the Median's Survey, an Increasing Number of People Would Like New Elections—The Government's Popularity Has Further Decreased"]

[Text] The autumn of 1992 brought a new change in the views on the government, the Median's [public opinion survey company] latest survey shows. While respect for the cabinet stopped its decrease in the spring, the government's popularity decreased again in the past months. At the same time, the number of those urging new elections suddenly increased. The survey was done between 4 and 9 December on a sample of 1,200 respondents representing the adult population.

In the past two years, the Median Public Opinion and Market Research Institute has assessed the views on the government eight times. A comparison of the results shows that the image of the government has not substantially changed during this period: The vast majority of the people surveyed always found the government's performance since it took office either bad or very bad. However, there were small sways within this: Satisfaction with the government increased a little until September 1991, decreased a little by March 1992, stayed the same until September, and finally it further decreased by December.

These sways indicate that, in addition to the changes in the situation of the country and the population, the government's popularity has also been influenced by the changes in the government and the biggest government party. Satisfaction with the cabinet increased after the government reshuffle and the acceptance of the Kupa program. In these months, [Prime Minister] Jozsef Antall probably regained the votes he lost in the autumn of 1990, but he lost these again in the following months. After this, it seemed that people who had remained with Antall would stay with him, but their number started to dwindle in the months following the publication of the Csurka study.

These results also mean that the party affiliation that makes the government's supporters and the opponents sharply opposed to each other in Parliament and in the press only results in small differences in the public view of the government. These differences mainly manifest themselves in the speed at which the supporters of various parties withdraw their confidence from the government.

More precisely, the main significance of party affiliations is manifested in the fact that people who would vote for the Hungarian Democratic Forum [MDF] in the

new elections have a much more positive view of the government's performance than those who would choose other parties. This indicates that people, whether they support the MDF or other parties, consider the Antall government to be an MDF government.

At the same time, affiliation to other parties also has a role. Voters of the Christian Democratic People's Party [KDNP] have a better than average view of the government's performance, although not as good as the MDF voters. The supporters of the Independent Smallholders Party [FKgP] swayed between accepting and rejecting the government. Their views followed the changes in the relationship between [FKgP Chairman] Torgyan and Antall. The views of the Free Democrats and Young Democrats corresponded to the average while the Socialists had a worse than average opinion of the government's work. These differences show that the pro-government versus opposition antagonism that was formed after the change of the regime did not completely replace the antagonism of before the change of the regime.

The fact that the government's image is also influenced by the faith in its ability to govern is also shown by the fact that, with the increase in dissatisfaction, the number of those people who think that the government does not have a program also increased. In May and December 1991, the majority of the surveyed people said that the cabinet had a concept of how to solve the country's problems. This time, a minority of them said this. The connection is also manifest in the fact that, in December 1992, as opposed to the 12 percent of those who are a little satisfied, some 42 percent of the little dissatisfied and 69 percent of the very dissatisfied people denied the existence of a government program.

The government's decreasing popularity increasingly undermines its legitimacy. In March 1991 people mainly expected a government reshuffle or the establishment of a big coalition to remove the deficiencies from the government's work. Later, however, the proportion of people who saw new elections as the solution to the problem increased. In September 1992, they formed the biggest minority and, in December, the proportion of those who would have been satisfied with a government reshuffle or would not have changed the government also decreased. Now, in contrast to the 14 percent of KDNP voters and 16 percent of MDF voters, some 37 percent of the FKgP voters, 43 percent of the Alliance of Free Democrats voters, 46 percent of the Hungarian Socialist Party voters, and 48 percent of the Federation of Young Democrats voters would welcome new elections.

Finance Official Views State of Economy

AU3112143992 Budapest UJ MAGYARORSZAG in Hungarian 29 Dec 92 p 7

[Interview with Tibor Pongracz, political state secretary at the Finance Ministry, by Laszlo Doczy; place and date not given: "Difficult Year Without Financial Crisis—False Prophets, Keep Away From Me!"]

[Text] Last year we said that 1991 was unsuccessful because the eastern market had collapsed to a greater extent then we had expected. The Kupa program had two versions. One applied to a 30-percent loss of markets and the other stated that a greater loss could easily push the country into a crisis situation. The market of the former socialist countries decreased by 60 percent, but, nevertheless, Hungary did not suffer a crisis, although it had a difficult year, Tibor Pongracz said.

[Pongracz] The exports to the former CEMA countries also played a part in the 12-percent reduction of our gross domestic product (GDP) in 1991, so this year started from a much lower level than expected. Industrial output was at around the December 1991 level throughout the year. At the same time, there is a rather deep recession throughout the world, including in the developed countries where 70 percent of our exports go. The Hungarian press rarely writes about this recession and its negative effects on the Hungarian economy. In addition, the banking systems of the developed countries as well as that of Hungary have serious problems. The world's economy probably also has to change over to a post-communist economy.

Limitless Credit Possibilities

[Doczy] How does your ministry view the country's stability?

[Pongracz] Hungary continues to be the only politically stable country in our region, and the world places a high value on this.

[Doczy] However, the huge budget deficit was strongly criticized both in Hungary and abroad, including criticism by the IMF.

[Pongracz] As opposed to the planned 70 billion forints, the deficit will be close to 200 billion by the end of the year, which is undoubtedly a negative result. The increase of the deficit is partly explained by the same reasons that applied to the reduction of the GDP, namely narrowing eastern markets and decreased domestic consumption. In 1991, the results of enterprises were much worse that had been expected, and so much more profit tax advance than expected had to be repaid, not to mention the fact that, instead of the "usual" one drought, there were two droughts affecting agriculture in 1992. In addition to the recession, the very bad economic morale and great carelessness in the economy were further important factors. The budget revenue was also reduced by the lack of discipline in fiscal affairs. In fact, the payment of taxes or customs duties can be avoided legally in a number of ways. In my view, public pressure to apply more rigor in this area is justified. The APEH [tax and financial control office] and the State Property Agency [AVU] have already carried out investigations but these have often been curbed by law.... The failure to get the IMF loan was unfortunate for us, not because we desperately needed the loan, but because our economy's international image improves if the IMF has a positive view

of Hungary's situation. As a matter of fact, we can take on loans on the international money markets almost without any restrictions.

Privatization Through Three Channels

[Doczy] Negative factors can also obviously be seen in production....

[Pongracz] As a result of losing markets, unfortunately, some of the large enterprises have collapsed, and privatization is progressing at the usual speed, but it is very difficult to increase this because of the lack of foreign and domestic capital. I must emphasize that, although privatization is a world phenomenon at the moment, it is one of the most disputed processes. At the end of the year, private enterprises are producing at least 35 to 36 percent of GDP. To understand this, we have to be aware that the so-called green-field [zoldmezos] investment—and even the bankruptcy and liquidation procedures—embody a form of privatization. Contrary to rumors, foreign capital is continuing to flow into Hungary at the same speed and we can again expect some $1.5-2 billion this year. In the future, we would like to make "traditional" privatization more simple, speed up the process, and expand the chances of the population to acquire property. The very successful Danubius and Pick share actions were part of this process. With the same view in mind, the government decided to reduce the interest on the "E" (existence) loans from 12.6 percent to 3 percent. In addition to this, we also wish to continue the workers' shares programs.

Not Through Printing Banknotes

[Doczy] Privatization and unemployment have become very closely related now.

[Pongracz] The collapse and transformation of enterprises was understandably concomitant with the increase in unemployment. The level of unemployedment is higher than expected, but I must add that, at the beginning of the year, various economic research institutes predicted a level of between 900,000 and 1 million. Today, we can see that this figure will remain below 700,000 at the end of this year. Actually, the same institutes estimated inflation to be between 30 and 40 percent, similar to 1991, and we could see such figures in the newspapers even in the summer. In contrast to this, the Finance Ministry predicted a level between 20 and 25 percent and the 23 percent inflation justified this.

[Doczy] What were the best achievements of the year, in your view?

[Pongracz] While we do have a large budget deficit, one positive thing is that, rather than printing money, we are financing this through the money market, which does not generate inflation. Although in the first six months of the year the high interest rate on state securities had an inflationary effect, this level is being constantly reduced. Money savings have increased in all areas, which expresses people's faith in the economy while at the same time making it possible to finance the budget deficit. We expect the population's savings to reach 300 billion forints by the end of the year, and by then, in my view, the savings of local governments will have reached 90 to 100 billion forints and, in fact, the savings in the entrepreneurial sphere will also be greater by then than the amount of their loans. The total deposits of individuals and small enterprises is close to 1 billion forints. This money should be mobilized in the interest of economic growth.

The Banking System of the Provinces Is Being Established

[Doczy] What are the chances of an economic boom next year and what is the government doing to achieve this?

[Pongracz] It would be difficult to list all the points of our plan of action, but the fight against inflation will continue to be emphasized. The government does not want radically to influence the banks' interest rates, only through changing the interest on government securities at most. Taking on loans by the enterprises is made very difficult by the dubious outlays of the banks, because, understandably, the financial institutions only make loans cautiously and with serious guarantees. The recently established credit guarantee institution can be a great help in this respect and, in my view, it is a very large step forward that a government decision was made on the credit consolidation mechanism in the middle of December. In the process of credit consolidation, the state first buys the dubious loans from the banks—which relieves the banks of them—and the next step is the reorganization of the debtor enterprises. This makes it easier for the economic units to take on loans, while it modernizes some run-down enterprises and makes them competitive.

However, the government rejects all forms of artificial stimulation of the economy. We want to use the available money to develop the infrastructure, which—partly through the World Exposition—means orders for industry and services and it ensures the circumstances and conditions for economic development. For agriculture, it is very important to establish an adequate banking network in the provinces, which will mainly be used for agricultural financing. Personally, I am hopeful that the Hungarian economy will start on a growth course in 1993.

Bank Chairman Views Convertibility of Forint

AU0101201393 Budapest MAGYAR HIRLAP in Hungarian 28 Dec 92 p 9

[Interview with Akos Peter Bod, chairman of the Hungarian National Bank, by Lajos Gubcsi; place and date not given: "The Forint Is Almost Convertible"]

[Text] The forint is already convertible to a large extent, Akos Peter Bod states in his interview. It is almost completely convertible for those engaged in economic activities, and only people's private foreign currency purchases have actual limits.

[Gubcsi] Are our foreign economic relations ready for the introduction of convertibility?

[Bod] Yes. However, we must not forget that convertibility is not an absolute notion that either fully exists or does not exist at all in an economy.

The forint is convertible to a very large extent already: Importers can freely buy foreign currency necessary for the import of goods and services, and foreign investors are free to convert their legal forint income or repatriate their invested capital to a convertible currency chosen by them. Out of the running payments, legal rules only limit the foreign currency purchases of private people for travelling, but even this is so flexible that anyone who really wants to travel, rather than just to shop or accumulate foreign currency, is perfectly able to do so. Stronger limits are imposed on the foreign investments and foreign currency purchases of Hungarian citizens and enterprises who have the intent to invest.

In the summer of 1992, we made a further step forward by establishing the interbank foreign currency market where the trade banks can freely sell and buy convertible currencies.

The Hungarian economy is definitely ready for this level of convertibility. The country's balance of payments has had a surplus for three years running, the working capital inflow in money is around $1.5 billion a year, and our foreign currency reserves are at around $5 billion, enough for financing nearly seven months of imports. Therefore, nothing indicates that our achievements in convertibility are going to be endangered by anything.

[Gubcsi] To what extent is the Hungarian banking technique and organization suitable for the convertibility?

[Bod] There is room for improvement in the banking system's technical and organizational level. Six months after the establishment of the interbank foreign currency market, only a small proportion of banks is able to be present on the market. Full convertibility—that includes free convertibility of capital items—would probably cause problems, for example because of the deficiencies in the information system of banking and stock sales. Capital transactions will probably only be completely freed in a few years and, by then, the banking system will surely reach the necessary technical level. A serious technical and organizational modernization is taking place at all bigger Hungarian banks.

[Gubcsi] Is the current foreign currency reserve adequate for the convertibility?

[Bod] We already have sufficient foreign currency reserves, and we do not plan to considerably increase these reserves.

Naturally, as exports and imports increase dynamically, the central bank will also increase the foreign currency reserves to the economically necessary level that provides security. When the capital movements are much more liberalized than now, namely when there is a full convertibility, then the secure level will also be much higher than now.

[Gubcsi] Are we trying to decrease the debt stock considerably, or can we live with the current level?

[Bod] We are not trying to decrease the debt stock considerably, but we do not want to allow it to increase much, either. The country needs capital; therefore, we would like to use our savings for domestic investments and not to reduce the net debt. It is not our goal to further increase the debt, either; in fact, it is a remarkable achievement of the past two years that our indebtedness (that meant the biggest per capita debt in Central and East Europe), which we inherited with the change of the regime is not increasing any more while income from exports has increased significantly. If the net debt is kept at its current level then, as the GDP and the exports increase, the relative amount of debt will decrease; therefore, we will gradually "grow out of" our debts. The debt service ratio (the proportion of debt repayments and interest repayments to the export of goods and services for convertible currency) has been showing a strongly decreasing tendency. It was 43.2 percent in 1990, 32 percent in 1991, we expect 29 percent for 1992, and there is a good chance for this to be reduced to 23.2 percent in 1993.

[Gubcsi] What kind of restrictions will remain in force when we have convertibility?

[Bod] As I have already mentioned, the population's foreign currency supply for a short period, and the capital export for a longer period will be limited. However, since Hungary would like to be part of the EC within a decade, the restrictions will naturally have to be lifted by then.

[Gubcsi] Would we accept the reduction of our debts if it was initiated by our creditors rather than by us?

[Bod] In my view, this is a completely speculative question. No one has or will make such an offer to us unless our foreign economic relations collapse, for which there are no indications whatsoever. Through our loans and bond issues, we have business relations with thousands and tens of thousands of banks, investors in securities, and small investors. This relationship is based precisely on the conviction and personal experience that the Hungarian National Bank has always been a good debtor, and we are considered to be an increasingly good partner as our situation is improving. Therefore, Hungary is not affected by the international initiatives to reduce debts.

Creditors expect a good return from us on their loans, and they can be sure of this. We expect free access to the credit and capital markets, and we have not had any problems with this in the past two years. Naturally, it is important for us to reduce the burden of interest, and we expect to achieve this mainly through a better position in the risk league.

Cenzin Chairman on Boats for Yugoslavia Affair

LD3112144392 Warsaw TVP Television First Program Network in Polish 2145 GMT 30 Dec 92

[Excerpts] After reports of an attempt by the Cenzin Foreign Trade Enterprise and the Gdansk Northern Shipyard to sell arms to Yugoslavia, which is under an embargo, the directorates of both companies have declared that the interpretation put forward by journalists does not agree with the facts.

Andrzej Arendarski, the minister for foreign economic cooperation, has asked the State Protection Office for an explanation of this affair. Cenzin Chairman Andrzej Surowiecki states that treating his company on a par with uranium and plutonium traders seems to be, to say the least, improper and harms the whole of the Polish arms industry.

[Unidentified correspondent] The German journalists wanted to buy torpedo patrol craft, Russian MiG-29 superfighters, and radioactive materials for the production of nuclear arms. For this reason they went to Cenzin, the largest Polish center to have permission to trade in arms. Through its mediation they made contact with the Northern Shipyard in Gdansk. In a letter of intent the Cenzin company undertook to take care of the necessary export documents essential to take arms out of Poland.

Two days ago German television broadcast compromising material in which photographs from the negotiations—taken with a hidden camera—were used. The journalists declare that from the beginning they clearly said that the arms were destined for a country under embargo. The minister for foreign economic cooperation has demanded an immediate explanation of the whole affair from the Cenzin Company.

Cenzin arose from a government agency which in communist times had a monopoly in the arms trade. Experienced specialists work there, with wide-ranging contacts in the armaments sector of former socialist countries.

The matter of the 15 torpedo patrol craft is not the first affair that this company has been linked to. It mediated in making contact between the U.S. arms dealer Ronald Hendron and Radom Lucznik. This gave rise to the so-called gun scandal [afera karabinowa]. The first arms transport for Hendron was organized by the very same Cenzin. In the fall of this year representatives of the Bulgarian authorities revealed that their [name indistinct] company exported, through Cenzin's brokerage, arms to Iraq worth $15 million. So this is the third affair this year in which the Cenzin company has been linked to the illegal export of arms to countries under embargo. The Ministry for Foreign Economic Cooperation, which holds a controlling block of Cenzin shares, decided last month to demand a change in the management of this company.

[Second correspondent] In the studio we have Andrzej Surowiecki, the Cenzin chairman. Mr. Surowiecki, the matter is being investigated by the State Protection Office and Interpol. Minister Arendarski has reported on plans for changes in management. Is such a reaction to a matter blown up by journalists justified?

[Surowiecki] I believe that if some sort of violation of Polish legal regulations has taken place, then it is the job of the State Protection Office to prosecute such violations. I would like to stress here, for my part, that our company and the Northern Shipyard in this specific case have not violated any of our rights or any international regulations.

[Correspondent] This is yet another case in which the name of Cenzin has been mentioned, a case of international proportions. Do you see any link between the gun scandal mentioned a moment ago and this latest affair?

[Surowiecki] There is no link whatsoever. I would say, actually, that there is just one link: this is quite simply an ordinary game, an ordinary competition battle, and since we are an open and public company—we exhibit at all national and international fairs, we say what we are able to offer, we promote the Polish armaments industry, we promote the truly excellent equipment which we are able to produce in Polish industry—we are inconvenient because we are the largest center of foreign trade in Poland and we are a threat to the foreign competition. [passage omitted]

First, we have to answer the question about what happened. In fact nothing happened. Specifically, in this case the Cenzin company, which is entitled to hold trade talks with anyone, held preliminary sounding-out talks ...

[Correspondent, interrupting] But an agreement was signed—that is what the press says—on the 15th.

[Surowiecki] No, we did not sign an agreement.

[Correspondent] A preliminary agreement.

[Surowiecki] No, we did not. It was a letter of intent in which we say ...

[Correspondent] Are you entitled to do that outside ministerial control?

[Surowiecki] We are entitled to hold talks. There is no law that bans this. It is even our duty as a trading company to hold talks and seek partners for our arms industry. We all know that the situation is not just in the arms industry but in the entire Polish industry. We do have such a right and such a duty, and that is what we do.

[Correspondent] But was it in consultation with the ministry?

[Surowiecki] Perhaps I should say that in all sounding-out talks there is no such requirement because it was the first meeting. [passage omitted] We signed a letter of intent in which we said that, indeed, as the Northern Shipyard, as Cenzin, as the Polish side we could supply the hulls of these launches, and all talk exclusively concerned launch hulls. There was no mention of anything else. [passage omitted]

Skubiszewski Visits Kiev, Discusses Relations

WS3112134592 Warsaw TVP Television Second Program Network in Polish 0700 GMT 31 Dec 92

[From the "Panorama" Newscast]

[Text] The improvement of economic cooperation between Poland and Ukraine was the main subject of talks conducted by Minister Skubiszewski during his two-day visit to Kiev. Ukrainian Prime Minister Leonid Kuchma received with interest Minister Skubiszewski's suggestion that future economic relations be based first of all on private capital. The head of Polish diplomacy denied the information that he was supposed to have prepared Prime Minister Hanna Suchocka's visit to Ukraine. The visit has already been prepared and it will be conducted on 12 and 13 January. Minister Skubiszewski also emphasized the importance of Polish-Ukrainian relations.

[Begin Skubiszewski recording] For us, the Ukraine is an important, very important partner, and this is for several reasons. I think that from a certain strategic perspective, Polish-Ukrainian cooperation is decisive as far as European security is concerned. Director Lis has already started talks on an issue that is very important and at the same time very delicate to us—namely, the issue of the Polish-Ukrainian agreement on readmission by Ukraine because a certain number of foreign nationals are coming to Poland, and then we sometimes have different kinds of problems with them. [end recording]

Walesa New Year Message To Polish People

LD3112205192 Warsaw PAP in English 1846 GMT 31 Dec 92

[Text] Warsaw, Dec. 31—In a New Year's message broadcast by the Polish TV on Thursday [31 December], President Lech Walesa assured that the Poles would soon be able to say with certainty that it was worthwhile to take the road towards a new, better and more affluent Poland.

Following is the text of the president's new year's message.

"The new year's eve is a special time. It provokes reflection, a look on the road behind. That is why I am your guest today. I want to be with you, to think over the passing year together.

"We are like travellers. We know from where we set off, we know where we are heading for. There are troubles and obstacles, but it cannot be otherwise. Reforms must have a price and they do have one. Not everything is comprehensible and clear. We dispute and differ, but Poland has been a peaceful land and it must remain like this in the interest of us all, in the interest of a better tomorrow, in the interest of normality.

"Each year takes us closer to the goal. We all want normality. But not all of us notice that the country is changing for the better, that Poland is overcoming the crisis. The economy is steadily coming closer to being logical. Facts show that.

"I know that not everyone has a thick wallet. Many people hardly make both ends meet. They fear the future, see no sense in ongoing transformations. It is them who deserve more care and attention. It is time to help the weak and less resourceful, whatever the reasons.

"It is a task for us all. We must realize that this is our common interest.

"On this special day I would like to extend the best wishes to you. I wish you all the same that I wish myself: Patience and perseverance, and faith that the worst has passed. I wish you the hope that once we have managed so far, each next day must be better. Let us believe in ourselves. Indeed, we have done many things well. Poland is a different country than it was three years ago. You can see that. Let us respect our achievements. Then we will see the sense of our effort.

"I am sure that we will soon be able to say with certainty that it was worth to embark on this road, the road to a new, better and more affluent Poland.

"I wish you a happy New Year and success."

Further on Agreement Between Government, Miners

LD3112164292 Warsaw Third Program Radio Network in Polish 1100 GMT 31 Dec 92

[Text] A protocol of agreements that was signed this morning by the government and negotiators for the striking coalminers covers all 23 of the miners' demands. Among the most important aspects are the agreements concerning the elimination of mine debts. The government has undertaken to reduce its debts in proportion to the agreements which are going to be adopted in systematic procedures between the mines and their main creditors. The government proposed bolstering mining by a sum of 1.7 trillion zlotys in the form of a specific subsidy for purposes associated with the closing down of mines, geological and exploratory research, the removal of mining damages, and housing.

In addition to this, the government agrees to consider including central investments estimated at 598 billion zlotys in the mining budget for the coming year. The government, however, does not see the possibility of eliminating the disproportions in pay between the mines. The government guaranteed the safety of the strikers and the organizers of the strike. It did, however, acknowledge that the creation of mechanisms enabling financial losses of employees taking part in the strike to be compensated is an internal affair of the mines.

Boni Discusses Agreements Reached With Miners

WS3112134692 Warsaw TVP Television First Program Network in Polish 0800 GMT 31 Dec 92

[From the "Wiadomosci" newscast, hosted by Jolanta Pienkowska]

[Text] [Pienkowska] Forty-five minutes ago, after nearly 16 hours, the negotiations ended between the representatives of the government and the striking miners. A document of settlements concerning all of the 23 items on the list of the trade union demands was signed. As our guest today, this morning's "Wiadomosci" hosts Michal Boni, deputy minister of labor and social policy, as well as the chief negotiator among the government's representatives. Good morning.

[Boni] Good morning.

[Pienkowska] Minister, what did you find the most difficult in these talks?

[Boni] Well, all these talks were very difficult. They were very tense and very dramatic. But what we discussed the longest concerned the tenth item, that is, equalizing wage discrepancies among mines. We decided that this could not happen now, although a chance for eliminating these discrepancies lies in accepting the repair program as soon as possible, from 1 February. And then it can bring about various consequences, related also to pay problems.

[Pienkowska] Minister, the miners' delegation is now returning to Silesia. Does this mean that the strike is over because we know that all of the mines on strike have not resumed work yet.

[Boni] The delegation is returning to Silesia. There will be a session of the Strike Committee, and during the session, a decision will be made as to what is going to be done next. They will decide whether the document of settlements will turn into an agreement. It will turn into an agreement when the strike is stopped. I think that the Strike Committee will consult the mines at the beginning of next year, so the process of changing the strike into a nonstrike action, into the beginning of coal extraction, will still continue for a while.

[Pienkowska] When can we expect some concrete decisions?

[Boni] I think that at the beginning of next week. It is a very difficult compromise, but very realistic and possible to implement. Now, you have asked about difficult decisions, so I would like to tell you about one, maybe the most difficult one, especially on a day like this, the last day of the year, when everyone is getting ready for celebrating. At 0330 I had to phone the prime minister and ask her to convene the Presidium of the Government, and the session took place at 0400.

[Pienkowska] So, to cut a long story short, we are, all the same, entering the new year with optimism, are we not?

[Boni] Well, it is a sort of difficult optimism, but optimism nonetheless.

[Pienkowska] Thank you very much for the interview.

[Boni] Thank you very much

Miners Suspend Strike; Strike Alert Continues

LD0401091593 Warsaw PAP in English 0819 GMT 4 Jan 93

[Text] Katowice, Jan. 4—The regional strike committee of miners' Solidarity on Monday [4 January] morning resolved to "suspend an almost three-week-old general strike as of Jan. 4," but decided to continue the strike alert.

Due to the miners' unity "it was possible to stage the biggest strike in Europe" whose target is "a recovery programme for now and keeping our jobs with guaranteed decent pays", the statement by the committee reads.

The statement will be made available to all miners later in the day.

Meanwhile, the Inter-Union Strike Committee, made up of representatives of the Solidarity-80 and "Kontra" trade unions, in a statement sent to the Polish press agency PAP on Monday came out in favour of going on with the strike unless fundamental demands are met. Also, a meeting between representatives of mines' boards and members of miners' strike committees ended on Monday with the signing of a protocol on the implementation of the agreement reached by the trade union negotiators and the government on December 30-31, 1992.

Miners' Unions Withdraw Mining Solidarity's Powers

LD0401112793 Warsaw PAP in English 1059 GMT 4 Jan 93

[Text] Katowice, Jan. 4—The three miners' unions Monday [4 January] withdrew powers given to the Regional Strike Committee of the Solidarity's National Mining Commission for holding talks with the government. The Federation of Miners' Unions, the Miners' Union in Poland and Solidarity-80 substantiate their decisions by the fact that the results of agreements reached by the Solidarity's regional strike committee are "poor and inconcrete." The three unions reserve for themselves the right to take independent actions and called on miners and factory strike committees to support their stand.

Economic Committee on Changes in State Ownership

LD3112174892 Warsaw PAP in English 1449 GMT 31 Dec 92

[Text] Warsaw, Dec. 31—The Economic Committee of the Council of Ministers (KERM), which met on Thursday [31 December], wants to present to the government the motion proposing that the Ministry of

Privatisation may decide on its own on transforming the enterprises that are particularly valuable to the state economy into State Treasury owned companies. So far, the acceptance of the whole cabinet has been required for such decisions.

The aim of changing a state enterprise into a company is to improve its economic efficiency and facilitate its restructuring as well as help negotiate with creditors and attract potential foreign investors. An application for such a commercialisation does not, however, include a programme of privatisation and that is why the Council of Ministers does not have to approve it. The government will retain its right to accept privatisation projects.

The KERM decided at its meeting to recommend to the government to commecialise two power plants in Bytom and in Bedzin as well as the mechanical equipment combine "Bumar" in Labedy, all in the industrial region of Silesia, Southern Poland.

According to Deputy Privatisation Minister Jerzy Drygalski a substantial amount of state enterprises of special importance to the Polish economy have submitted applications for their commercialisation.

The KERM also wants the government to offer treasury guarantees for credits to the power plant in Opole, southwestern Poland, amounting to 190 million Deutsche mark.

Military Intelligence Services Restructuring

LD0301030893 Warsaw PAP in English 1746 GMT 2 Jan 93

[Text] Warsaw, Jan. 2—The average age in military information services is 43 years. The elite of officers employed in these services work in the intelligence service. They have graduated both from military and civilian colleges. Employees of the office of studies and analyses excel in speaking foreign languages with English, German and Russian prevailing among its employees.

The main assumptions of the new concept of restructuring special military services (intelligence and counterintelligence services), called military information services today, include: remaining outside the influence of any political party and grouping and subordinating implemented tasks only to the interests of the people and the state, departing from global interests, stemming from Poland's earlier membership in the Warsaw Treaty, and concentrating on actions stemming from the Polish reason of state, Poland's geopolitical location and assumptions of Poland's defence doctrine. Special military services are subordinated directly to the defence minister.

Polish military intelligence and counterintelligence services concentrate on disclosing threats posed by espionage consisting in reconnoitering Polish Armed Forces and stealing defence secrets by intelligence services of other states.

According to the national Defence Ministry, changes that took place in special services last year are so deep that one can say that new services were set up. The new structure of special military services includes now: the Office of Military Attestations, the Office of Studies and Analyses and the Office of Technical Services. The present organizational structure of special military services is not final and will be subjected to further changes stemming from tasks and the restructuring of the entire Army.

The first work on reforming special military services started in May 1989. It was done both in the former military police and the general staff. Joint work started from April 1990 and the order by the national defence minister to dissolve military police, to merge intelligence and counterintelligence services and to set up gendarmerie served as a basis for these actions.

The number of employees of the counterintelligence service were reduced by 53 percent in September 1990. The number of local units of the counterintelligence service was also reduced by 55 percent. The merged intelligence and counterintelligence services reduced the number of permanent jobs by the total of 32 percent as compared with the previous period.

Structural changes in special military services made it necessary to review cadres of these services. Impeccable ethical and moral values, high intellectual and professional skills and positive attitude towards political changes taking place in Poland and the Army were adopted as criteria.

110 new officers were appointed to leading posts in the new structure of bodies of the counterintelligence service in the Polish Army's general staff. None of them either served earlier in bodies of the former military information or exerted influence on determining directions of the counterintelligence work of the former military police. The entire cadre, 7 officers, was replaced in the close leadership of the intelligence service of the Polish Army's general staff. Out of 13 posts of heads of departments and independent departments, 6 officers were replaced.

350 professional soldiers, including 279 officers, were dismissed from professional military service in the counterintelligence service department together with local sections in 1990.

According to the national Defence Ministry, further reform of special services made it possible to adjust organization to tasks stemming from "selective intelligence-service penetration." Restored was organizational link of the military counterintelligence service with command cells and better supplies of information were ensured. In 1991-92, cadres were replaced again both in the leadership of special military services and in local structures of the military counterintelligence service. Cadres of 70 percent of leading posts were replaced and a total of 100 professional soldiers, including 66 officers, are to leave special military services by the end of 1993.

President Iliescu's New Year Message to People

AU3112192592 Bucharest ROMPRES in English 1442 GMT 31 Dec 92

[New Year Address by President Ion Iliescu on 31 December; place not given]

[Text] Bucharest, ROMPRES 31/12/1992—Dear fellow citizens, I am now at this year end addressing you all my warmest thoughts and well-wishing for the year to come.

It is by now a tradition with all peoples to welcome the New Year with hopes for the better. On the night between the two years people try to forget about sorrows and hardships and, for a while, they become better, more understanding, more generous. It is in the spirit of this night that I am addressing you.

I do not intend to draw the line and make the balance of the year we have almost concluded. The 1992 that comes now to an end has been neither simple, nor quiet. On the contrary, our political life has been dominated by electoral confrontations, sometimes sharp, both at the beginning, during the local elections and towards the end, during the legislative and presidential elections. But the end of the year has brought a somewhat peaceful time in the life of this country.

International life continues to be tense. All around us there are hotbeds of conflict and tension. It is our duty, of all our political and social forces that have the sense of responsibility to help keep internal balance and stability, and never let us dragged by provocations into dangerous acts. Let us be a factor of stability in this so troubled and turmoiled zone of Europe. We wish Romania to stay an active factor of peace and stability, of international cooperation.

May the New Year 1993 mark Romania's active presence in the international life. I hope we shall have more peace and quiet at home and spend less energy on fostering hatred, discord, social conflicts and more for the promotion of national interests. May 1993 bring a ray of hope, health, peace and tranquility in all families and a better year for all.

Happy New Year!

Vacaroiu, Ministers Outline 1993 Expectations

AU0201185793 Bucharest ROMPRES in English 1615 GMT 2 Jan 93

[Text] Bucharest, ROMPRES 2/1/1993—"We shall try to create conditions to stop the economic slump and next to relaunch the economy, on the basis of which I expect a revival in other fields as well, such as arts, culture, health, and sports," said Prime Minister Nicolae Vacaroiu, referring to the prospects for this year. "We are therefore optimistic that we will overcome the present difficult period. I hope Romanians will enjoy their winter holidays. I want everybody to join us to overcome the current difficulties. I think we shall succeed to put the reform in place together," mentioned the Romanian premier.

"I would like Romania to occupy in 1993 a place she deserves in Europe and the world. Maybe not the best for her, which would be too difficult, but one as close to that as possible," mentioned the Romanian Foreign Minister Teodor Melescanu, when asked to refer to 1993. "Romania is the most important country in its zone. It numbers 30 million people [figure as received], it is the most populous country in the area, it has natural resources and a good geostrategic position. It cannot be proud of its industry, but the potential of its people is great, Romanians are well-educated and intelligent. I think Romania does not hold the place it deserves, for many reasons that we shall discuss shortly," added Mr. Melescanu. "I think this year there will be no longer any difference, any discord anyhow, between the real situation of Romania and its image in the press. To my mind, this regime of normality should also include the granting of the most-favored-nation status by the United States."

Asked to refer to the year that has just started, Misu Negritoiu, president of the Council for Economic Coordination, Strategy, and Reform, said: "1993 will be a year of stability. It will have to represent the year of the relaunching of the economy and of economic growth. I do not think it can be a year of great achievements, but it must be a year of consolidation of the reform, including a few shocks, if necessary."

"A minister of the interior can have only good thoughts for his country and its citizens, for the staff of the Interior Ministry in 1993", said the minister of the interior, George Ioan Danescu. "We who work in this ministry are the first to observe the laws, to apply them, and next we can ask the others, irrespective of their political allegiance, to do the same," he added.

"We want very much as far as the equipping of our forces is concerned, but we have not much money," said Mr. Danescu.

"We need a serious analysis of delinquency on the basis of which to curb crime, an aspect I have not been satisfied with so far," specified the minister of the interior, who has wished everybody a good year and good health.

Cabinet Members Outline Prospects for 1993

AU0301200493 Bucharest ROMPRES in English 1509 GMT 3 Jan 93

[Text] Bucharest, ROMPRES 3/1/1993—Niculae Spiroiu, Minister of National Defense, told ROMPRES inter alia: "It is very important that we should start applying the reforms included in the government program that will ensure the gradual transition of the Romanian armed forces toward modern armed forces of a democratic state of law, in 1993, based on the platform

that was established in the military body through the stability achieved with the support of the whole staff.

"As for the equipment of the Army, this is the domain, which unfortunately costs the most, and we will have to work to update the Romanian armed forces and keep them fit and operative."

About the relations among armed forces, minister Spiroiu said that unquestionably they had to be in full harmony with the political relations. They had to be also in full harmony with the state's foreign policy orientation. "It is only this way that a coherent policy can be conducted also in the military domain."

Industries Minister Dumitru Popescu said that "the year 1993 will first of all bring about, I believe, a halt in the decline of industry and its refloating in the second part of the year. It is possible and we strongly want to accomplish it this year."

Constantin Ilie, Minister of Water, Forests and Environment Protection: "For 1993 I want to urge the reputed professionals who are concerned with environment issues to come with us in order to seek out the fittest way—although it is hard to find—in order to be able to keep afloat and sail as we should.

"The domain of interest to us cannot be separated from the country's economic activity and environmental protection cannot be achieved without the contribution of each and all. The closing of factories that bear negative influence on the environment is an extreme action. The best way should be found for these units to be kept in operation because they directly contribute to the state budget.

"Romania's environment strategy is being analyzed by a large team of Romanian experts who consider the proposals of foreign experts. We want to adopt a strategy suiting conditions in our country that will be included in the current government's program," Constantin Ilie said.

Memorandum on International Assistance Signed

AU3112175592 Bucharest ROMPRES in English 1402 GMT 31 Dec 92

[Text] Bucharest, ROMPRES 31/12/1992—A memorandum of understanding on an international assistance mission between the Romanian Government and representatives of CSCE and EC countries was signed Thursday, December 31, at the Romanian Foreign Ministry.

The memorandum stipulates that an international mission, already operational, grants assistance to Romania in the application of sanctions against Yugoslavia (Serbia and Montenegro), in keeping with Resolutions 713 (1991), 757 and 787 (1992) of the UN Security Council and makes recommendations to support the actions taken by Romania for a rigorous observance of the said sanctions.

The activity of the assistance mission is coordinated by a centre in Bucharest, the mission is permanently in touch with a communication centre in Brussels and a CSCE-EC liaison group based in Vienna. The mission also tries to coordinate its activity with that of similar missions operating in other countries neighbouring Serbia and Montenegro.

In the name of the Romanian Government the memorandum was signed by Constantin Ene, secretary of state at Romania's Foreign Ministry. In the name of the U.S. Government and the CSCE countries, the memorandum was signed by Donald Russell, the head of the assistance mission, and on behalf of the EC member countries by Andrew Philip Foley Bache, the ambassador of Great Britain in Bucharest, Michael Schwarzenger, charge d'affaires of the Republic of Austria and Yaman Baskut, Turkey's ambassador in Bucharest

Chebeleu Discusses Ties With Hungary

AU0301175393 Bucharest CURIERUL NATIONAL in Romanian 28 Dec 92 pp 1, 3

[Interview with Deputy Minister of Foreign Affairs Traian Chebeleu by Corina Cretu; place and date not given: "Romania and Hungary Should State That They Have No Territorial Claims Against Each Other"]

[Text] [Cretu] Mr. Minister, the issue of our relations with Hungary has been discussed quite often lately. President Iliescu, for instance, felt the need to refer to that issue both in the speech delivered on the day he took office and in the one delivered at the anniversary of the Romanian revolution. How do you account for that?

[Chebeleu] I believe that the reiterated offers of President Iliescu express his wish to initiate a genuine political dialogue, which unfortunately, existed neither before nor after December 1989. Aside from the precipitated visit of the Hungarian foreign affairs minister, there have not been any political meetings between Romania and Hungary. All other contacts between us have taken place in third countries. The last such place was in Stockholm, where [Romanian Foreign Affairs Minister] Teodor Melescanu forwarded a number of proposals meant to defuse the existing tension. The Hungarian side proved to be quite receptive, although they have come up with the standard answer again: They request that we obtain concrete results. Ultimately that is our goal, too, but we believe that by posing such preconditions a vicious circle is created: We do not talk if no concrete results are in view, and no concrete results can be expected if we do not talk about the problems of the two countries!

[Cretu] What are, in fact, those problems? I presume that you are primarily referring to the deadlock reached in negotiations concerning the conclusion of the friendship treaty between the two countries. No similar negotiations with other countries have taken that much time.

[Chebeleu] This is a paradox. You are asking me to detail the problems in Romania's relations with Hungary, and I do not know how to answer, I am unable to single out any issue straining Romanian-Hungarian relations! Our main problems have a psychological character. Concerning the treaty you mentioned, one cannot say that negotiations have been blocked. The truth is that they were not continued. After a few preliminary talks, the first round of negotiations followed at the beginning of this year [1992] in Bucharest, when the sides agreed over the largest part of the text. Two groups of clauses were left in suspension—in fact they were not discussed, to be more accurate—namely the one referring to the observance of territorial integrity, meaning the absence of territorial claims against each other, and the one referring to the rights of persons belonging to ethnic minority groups.

[Cretu] Do you expect any divergence in negotiations concerning those two clauses?

[Chebeleu] Yes, of course, according to our experience, certain divergence is to be expected. However, if the sides stick to international standards, I do not doubt that we could have already reached and we can still reach an agreement anytime. Hungarian officials have repeatedly stated that there are no territorial claims regarding Romania. We believe that such statements, since they are available anyway, could be included in a treaty, formulated in the appropriate juridical language.

[Cretu] How do you account for the fact that Hungarian President Arpad Goncz—in spite of the statements you mentioned—in an interview recently granted to a Prague daily still talked of the "great injustice committed in Trianon?" In fact, the text reads like this: "The Trianon Treaty caused great losses to Hungary. Not only that territory was lost, but also one-third of the Hungarians found themselves overnight living outside their country."

[Chebeleu] You see, that is exactly the problem. The statements I mentioned are often ambiguous, a fact that rather unfortunately maintains a general atmosphere of mistrust in Romanian public opinion, especially in the one in Transylvania. After comparing the consequences of the Trianon Treaty with current reality, we are unable to understand the idea—which is often expressed by Hungarian political personalities—lamenting the so-called injustice done to Hungary by the Trianon Treaty. Lamenting the consequences of that treaty is similar to deploring the losses suffered by the Turkish empire after a great number of nations dominated by that empire declared their right to self-determination and became independent states. Or it is similar to regretting the losses suffered by the former Soviet Union when its component states, after organizing referendums, proclaimed their independence. It is quite obvious that one cannot lose something that one does not own. The territories that broke away from the Austrian-Hungarian empire have done so on account of their right to self-determination. As anyone can see, there is no question of any "historical injustice done to Hungary."

[Cretu] Mr. Minister, in an interview dated 20 December, that is, quite recently, Hungarian Defense Minister Lajos Fur stated quite plainly that "Romania is confronted with no Hungarian threat whatsoever." Similarly, the head of the chief of staff of the Hungarian forces [Erno Raffay], who recently visited our country, has emphasized that relations between the two countries' armed forces are very good. How do you account for the fact that statements made by political personalities are ambiguous, whereas those made by military persons are, so to speak, clear-cut?

[Chebeleu] First, I believe that political relations cannot be detached from the military ones and, generally, from the whole complex of relations between two states. It is almost senseless to say that relations are good in a certain field, while terming relations in other spheres—in the political one—which actually implies all components as less good. Second, if we compare the dimensions of the two armed forces, it becomes quite obvious that Hungary can pose no military threat to Romania. However, that is unimportant, and I do not think that anyone in Romania has raised that issue. The problem is that there is a general impression here, in Romania, that they are trying to make European governments believe that it is not quite clear to whom Transylvania should belong, that there are problems in that area where the Hungarian minority is oppressed, and so on. Thus, sometimes we get the impression that they try to create an image similar to the one in 1940, which led to the well-known Vienna Dictate, when a part of Transylvania was severed and artificially attached to Hungary. Naturally, the Vienna Dictate was an act of force against Romania, but from a strictly juridical viewpoint it was regarded as arbitration, which is an internationally accepted method to peacefully settle conflicts between states. Continuing on that line of thinking, one realizes that the stipulations of the Helsinki Final Act—currently acknowledged as basic principles of all inter-European affairs—allow for the altering of state borders through an accord or by means of peaceful methods. As a matter of fact, that is the way Germany was reunited. Continuing the idea and returning to the situation here, if the image and ownership of Transylvania is confused, certain people could request international arbitration, which—according to the international right—would be a perfectly legal act. That is why we insist that we should include in the bilateral treaty an explicit, unequivocal, and practical clause, in which Romania and Hungary should state that they have no territorial claims against each other.

[Cretu] Do you believe that the Hungarian side is reasoning the way you said and therefore considers that our request—that a clause stipulating the lack of territorial claims against each other should be included in the friendship treaty—is unnecessary? Do you think that is why they keep postponing negotiations concerning that treaty?

[Chebeleu] It would be a groundless assumption on my part if I claimed that this is their goal. I can only say that we would consider it a shortcoming—if not a potential danger—if we failed to include such a clause in the treaty. Being diplomats, we have to prevent any possible arbitration.

[Cretu] Taking all the mentioned aspects into consideration, how would you assess current Romanian-Hungarian relations?

[Chebeleu] They are not such as normal relations between two neighboring states should be. On the other hand, strange as it may seem, there are no problems to be solved; there is no dispute between Romania and Hungary. However, the emotional burden inherited from the past still persists and—under certain circumstances—it makes our relations difficult, and it creates suspicions on both sides. Hence the significance and importance we ascribe to the treaty: We would consider it a political and juridical clarification of the principles underlying our relations. After that we could expand our relations in many fields, including certain demands of the Hungarian minority in Romania, which are sometimes sustained more feverishly by Budapest than by the mentioned minority itself.

[Cretu] Do you consider it natural that the Hungarian authorities should involve themselves in such a way?

[Chebeleu] I not only consider it abnormal but—according to the principles of international law—also inadmissible. Standards set by international documents do not acknowledge such rights.

[Cretu] As far as I can remember, when the Harghita and Covasna County prefects were replaced, for instance, the first reaction did not come from the UDMR [Democratic Union of Hungarians in Romania], but rather from the authorities in Budapest....

[Chebeleu] That is correct. The case of those prefects demonstrates how an issue—actually an issue of internal affairs, one of the many problems we encounter in this transition period—can be turned into a political affair and used as such. You know very well that the replacement of those two prefects was preceded by the changing of a great number of other prefects for various reasons: incompetence, corruption, and so on. There was no political uproar as long as the demoted prefects were Romanians. Well, the moment the government has decided to change the prefects of Harghita and Covasna Counties—for absolutely identical reasons, that was regarded as a national issue. The same thing is happening with a great number of schools. If the necessary number of classes or teachers cannot be ensured because of the various hardships encountered by our state in a school where all the pupils belong to the Romanian ethnic group—nothing happens. However, if similar difficulties occur in a place where ethnic Hungarians are studying, the risk is high—as I have already mentioned—that the issue will be granted national dimensions.

[Cretu] The current government is a political one; the cabinet has been set up by the FDSN [Democratic National Salvation Front]. Do you consider it natural that the mentioned government should be represented by UDMR members in the field?

[Chebeleu] If there are really such claims, I consider them exaggerated. Generally speaking, I think that it is unacceptable to demand that in regions in which a certain minority is the majority population, the representatives of the state should come from that majority. The UDMR is a political group belonging to the opposition. One cannot expect a government to pick its prefects from the opposition parties, unless there is some special arrangement in that sense, if the opposition offers something in exchange for that. I admit that because of local autonomy, according to our current laws, according to the rules of the democratic game, in regions where there is a minority population—in our case the Hungarian one—that minority is to be represented in the elected offices. However, once more, I consider it impossible that the government's representative should also belong to the same minority, as long as the latter is in opposition related to the government party. Such a thing would merely mean a formal democracy, which—as a matter of fact—was perpetrated by the Ceausescu regime.

[Cretu] My last question: Considering all the outlined facts, what is your assessment of the real chances for the normalization of Romanian-Hungarian relations?

[Chebeleu] Our only chance is dialogue. We have been encouraged lately by certain statements that seem to indicate that the Hungarian Government is prepared to engage in a significant political dialogue. Recently, Prime Minister [Jozsef] Antall, for instance, has explicitly referred to the possibility and usefulness of a meeting between the two ministers of foreign affairs. The Hungarian foreign minister was invited by us two years ago, and that invitation is still valid. Such a visit will undoubtedly help to clear up various aspects and would mean further steps toward the normalization of our relations, and this would be beneficial for both sides.

Civic Alliance Leader Andreescu Views PAC Ties

Part One

AU0101193493 Bucharest TINERETUL LIBER in Romanian 28 Dec 92 pp 1, 2

[Part one of interview with Civic Alliance President Gabriel Andreescu by Cristian Oprea; place and date not given: "We Continue To Advocate Positive Relations With the Civic Alliance Party"]

[Excerpts] [Oprea] The second congress of the 'Civic Alliance' Movement was held in Bucharest at the end of last week. Mr. Gabriel Andreescu, you were elected president of the Civic Alliance at that congress. What does the appointment to this position mean to you?

[Andreescu] You have to know that this position means great responsibility for me. [passage omitted] I feel that this is a very important stage for the development of the Civic Alliance, since I have come up with certain projects that will lend it identity and strength. [passage omitted]

[Oprea] Would you please explain why during the recent congress the Civic Alliance Party [PAC] was asked to change its name?

[Andreescu] In one of the congress motions, we emphasized to fully respect that party's independence. The problem of having the wardship of an independent organization is not posed. The Alliance does not want to get involved in PAC policy. Such an idea has not existed and does not exist. Frictions emerged because the conduct of some PAC leaders was not acceptable to the Alliance: For example, the request during visits to some of our branches that these branches be dismantled and reorganized as PAC branches. Then there were the attacks against the Civic Alliance and the request by the PAC that the Civic Alliance be eliminated from the Executive Bureau of the Democratic Convention. Such actions are understandable in the case of the Democratic National Salvation Front [FDSN] and the other traditional opponents, but not in the case of the PAC. I am convinced that not all party members hold such a position. [passage omitted] We continue to advocate positive relations with the PAC. [passage omitted]

[Oprea] Are there any frictions or differences between the Civic Alliance and the Democratic Convention?

[Andreescu] I think that one cannot talk of such a thing. Actually, there is something else. There was talk that we should question the way the Democratic Convention functions. The parties within the Convention have discussed this in detail. First and foremost, I am speaking of the way the lists were made up and of the presence of certain people in these lists, and I am referring to the way the election campaign was conducted. We have always emphasized the need for a united and strong Democratic Convention.

Part Two

AU0101194793 Bucharest TINERETUL LIBER in Romanian 29 Dec 92 pp 1, 2

[Part two of interview with Civic Alliance President Gabriel Andreescu by Cristian Oprea; place and date not given: "I would Like It Very Much If Romania Were To Create a Genuine Political Elite"]

[Excerpts] [Oprea] What are the future plans of the Civic Alliance when viewing things in retrospect and when considering the mistakes made so far? [passage omitted]

[Andreescu] If we simplify things and talk about a political level and a civic one, then the Alliance will get involved primarily at a political level within the Democratic Convention. This means that it continues to support the Convention's unity. Moreover, we will make efforts to lend it meaning because to talk about unity is not enough. [passage omitted] However, the main objective I am thinking of is of a civic nature; the Alliance has to have a map of what civic associations and organizations mean. The Civic Alliance is not an association like all the others; it wants to represent, and therefore it has to know what is happening around it.

Then we have to give an impetus to certain organizations and association to cooperate with us.

[Oprea] How do you, as the president of the Civic Alliance, propose to contribute to the implementation of its programs?

[Andreescu] [passage omitted] I would like it very much if a genuine political elite were created in Romania because change is not possible without it. A political elite, together with an elite of expertise, can offer a horizon to the Romanian society. Losing the elections can be blamed on numerous factors, but also on the impression that there is no coherence and stability for the people to vote. [passage omitted]

[Oprea] Mr. Andreescu, the objectives enumerated at the Civic Alliance congress also included the question of young people. What are you going to do in this respect?

[Andreescu] As you know, the Civic Alliance Youth is being organized at this time. I myself have reservations about such divisions: sections for youth, for workers, and for farmers. [passage omitted] I think that it is very important for the Civic Alliance to examine the situation of education. [passage omitted]

[Oprea] Is there a serious and nondemagogic way of dealing with farmers and their problems?

[Andreescu] Yes, this is a normal sequence of questions you have asked so far. It has been mentioned frequently that we have to reach the countryside. The farmers are those who voted for Iliescu. Thus this question is more complicated. I hope that the Alliance will procure the necessary funds to offer a book of advice for farmers. [passage omitted] Given the specific problems, one cannot come up with solutions overnight. One has to bear in mind the transition process in agriculture. You know very well that even if applied properly, the land law cannot solve a number of situations. [passage omitted]

[Oprea] You have touched a sensitive point. You said that you will offer a book of advice to farmers. Do you believe that advice is more important than tractors, seeds, and so forth?

[Andreescu] I think that farmers also need advice. [passage omitted] A book of advice is welcome, but, undoubtedly, it is just a minor element of the problems faced by agriculture. I hope that the Alliance will get involved wherever it is able to solve problems and

especially in the interaction between international assistance bodies and the recipient at our end, namely the Romanian villages.

[Oprea] Recently we celebrated the third anniversary of the December 1989 revolution. [passage omitted] What does the 16-22 December 1989 period signify for the Civic Alliance?

[Andreescu] The second congress of the Civic Alliance took place under the sign of the revolution. There is an "Appeal for Truth," for which signatures are being collected. [passage omitted] This respect for the memory of the revolution, for truth, and for justice is easy to detect in the Civic Alliance. [passage omitted]

[Oprea] On the eve of the New Year, what are your wishes for the supporters and sympathizers of the Civic Alliance?

[Andreescu] I wish them to realize that it depends on each of us to lessen the tremendous suffering that still exists in our country!

[Oprea] Mr. Gabriel Andreescu, I want to express thanks on behalf of the readers of TINERETUL LIBER.

[Andreescu] I also want to express thanks!

Government Discusses Foodstuffs, Fuel, Prices

AU3012153092 Bucharest Radio Romania Network in Romanian 1400 GMT 30 Dec 92

[Text] The government held its last meeting this year today at Victoria Palace. Opening the meeting, Industry Minister Dumitru Popescu informed government members about the measures taken to ensure electricity, thermal energy, gas, and hot and cold water for the population. He said that, generally speaking, there are no problems at this point, but it is necessary to urgently secure credits for crude oil imports.

In his speech, Mr. Ioan Oancea, minister of agriculture and food, assessed that wheat stocks ensure supplies for the people until 31 January 1993 and that it is necessary to open letters of credit for wheat imports until the next wheat harvest.

In this connection, Prime Minister Nicolae Vacaroiu demanded that the National Bank, together with the other ministries concerned, seek solutions to finance the opening of letters of credit both for crude oil and wheat. Similarly, Mr. Vacaroiu demanded that special measures be taken for nonworking days during the current week to ensure especially heat, hot and cold water, and the necessary quantity of bread needed by the population.

During the meeting, our reporter informed us, the government decided on retail prices for fuels that are being sold by the fully state-owned or mainly state-owned PECO commercial companies. The prices are as follows:

- Premium gasoline—140 lei per liter.
- Regular gasoline—130 lei per liter.
- Normal gasoline—120 lei per liter.
- Diesel oil—110 lei per liter.

The decision will become effective on 1 January 1993. The vouchers that have not been used by 31 December 1992 will be valid until 31 January 1993 for retail prices as envisaged by Government Decision No. 747, after which they will cease to be valid.

During the meeting, the government also adopted a decision on retail prices and compensations for retail prices regarding certain medicines for human beings. It also discussed a number of draft laws.

National Party of Reunification Set Up

AU3112175992 Bucharest ROMANIA LIBERA in Romanian 29 Dec 92 p 3

[Article by Marius Ghilezan: "A New Party Has Been Set Up"]

[Text] During yesterday's judicial meeting, the 'Pro-Bessarabia and Bukovina' National Party of Reunification was set up following the initiative by certain representatives of the Association with the same name led by Mr. Nicolae Lupan. This party will act in parallel with the National Council for Reunification headed by Mr. Mircea Druc, it was specified at a news conference held yesterday. This party—its program specifies—will struggle to awaken people's consciousness since it is not interested in political struggle. The party's representatives present at the news conference spoke out against the proposed referendum in Bessarabia and supported the ideal of reunification, without, however, having a coherent opinion on how to implement it. Recent statements by Virgil Magureanu, chief of the Romanian Intelligence Service, to the effect that the institution he is leading will struggle for unification, was greeted by the speakers.

Butrus-Ghali Gets Mixed Reception in Sarajevo

AU3112194992 Belgrade Radio Beograd Network in Serbo-Croatian 1800 GMT 31 Dec 92

[Report by Risto Djogo from Sarajevo]

[Excerpts] During the five hours he spent in Sarajevo, UN Secretary-General Butrus Butrus-Ghali had the opportunity to see two completely different faces of not only the citizens but also politicians. When he appeared in front of the presidency building of the former Bosnia-Hercegovina this afternoon—after the talks in the UNPROFOR [UN Protection Forces] headquarters, during which he visited with UNPROFOR commander in Yugoslavia Satish Nambiar—he was met by dozens of citizens booing and shouting: Ghali, Hitler; Ghali, fascist.

After the talks he held with the Muslim authorities, which were represented by Ejup Ganic, it is clear why Butrus-Ghali met with such a reception. At the news conference, Butrus-Ghali categorically stated that he was in favor of negotiations and only negotiations, and that he expected from Geneva positive shifts toward the political settlement of the bloody war in Bosnia-Hercegovina. [passage omitted]

Butrus-Ghali got a completely different reception when he met the Serbian side led by Nikola Koljevic, vice president of the Serbian Republic [of Bosnia-Hercegovina]. Nikola Koljevic stressed that he demanded that Butrus-Ghali extract from all three warring sides a clear statement that they want to stop combat activities, and that all UN reports be made public so that the world could finally realize that it is not the Serbs that are violating cease-fires and carrying out attacks. After his meeting with Koljevic, Butrus-Ghali said that he only believed in political negotiations.

Regarding the Sarajevo front, it was relatively quiet today. [passage omitted]

Finally, here is a piece of exclusive information that we obtained in the information center of the Sarajevo-Romanija Corps. Muslim fighter Jusuf Juka Prazina has joined the ranks of the Croatian Defense Council and ordered all his units to place themselves under Croatian command. He also threatened Vahbija Karic, deputy commander of the Muslim army, that he will be liquidated by Juka's units.

The New Year's Eve in Sarajevo is without electricity, water, and receptions in hotels. Those who have canned food are lucky that they can celebrate the craziest night in that way. However, nights have been crazy here for nine months already.

Butrus-Ghali Gives News Conference

AU3112161792 Sarajevo Radio Bosnia-Hercegovina Network in Serbo-Croatian 1400 GMT 31 Dec 92

[Report by Zoran Pirolic on news conference by UN Secretary General Butrus Butrus-Ghali in Sarajevo on 31 December]

[Text] [Pirolic] Butrus Butrus-Ghali, the United Nations Secretary-General, held a news conference after a very brief visit to Sarajevo today. My first impression was that his news conference was a disappointment to many reporters from all over the world. Everyone expected Butrus-Ghali to say something more concrete about what would be done to stop this suffering in Sarajevo, but he kept coming up with just one recipe: Negotiate, negotiate, negotiate.

Asked what would happen after 2 January, when the representatives of the Bosnia-Hercegovina Government, the Croatian Defense Council, and the aggressor are supposed to meet, he said that it was in a way a historic meeting as this would be the first time that all sides, as he put it, would meet at a negotiating table, the political and military representatives of the sides involved in this horrible tragedy in Bosnia-Hercegovina, in the aggression against Bosnia- Hercegovina. He then repeated another of his cliches: It will be the start of a long negotiating process.

[Announcer] Was Mr. Butrus-Ghali made aware by the reporters' questions that a man who has been officially proclaimed a war criminal is to sit at that negotiating table?

[Pirolic] One question did concern that issue—war crimes in Bosnia-Hercegovina, and the fact that people who have been named as war criminals are part of that negotiating process. Butrus-Ghali spoke in very general terms. He said that the United Nations had formed a special commission that would investigate all the facts concerning war crimes in Bosnia-Hercegovina and then it would propose possible trials. So, it was quite an undefined statement that did not place any responsibility on anyone, neither the Secretary-General nor the commission, to do anything. The reporters were of course dissatisfied with such a reply, so they asked him if he was going to tell Mr. Karadzic [Serb Republic of Bosnia-Hercegovina president]—he is meeting him this afternoon—if he was going to tell him anything about these war crimes. Butrus-Ghali avoided answering the question very elegantly by saying that he would let Mr. Karadzic know about all the facts relevant to the functioning of the United Nations.

[Announcer] I have no illusions that diplomats are men of particular morality, but what were his impressions about Sarajevo, about the cold, the winter, the hunger?

[Pirolic] I remember one sentence he said today. I think it was very extraordinary. Pressed by the reporters' questions about the ghastly tragedy of Sarajevo, which he

could see, even though he avoided visiting places of the worst suffering in the city, he said that there were at least 10 cities in the world that are worse off than Sarajevo. He failed to mention which cities those might be, but that statement speaks for itself.

Butrus-Ghali, Ganic Hold Talks

AU3112164092 Sarajevo Radio Bosnia-Hercegovina Network in Serbo-Croatian 1400 GMT 31 Dec 92

[Report by Predrag Smoljan]

[Text] Greeting the UN Secretary General, Ejup Ganic, member of the Presidency of Bosnia-Hercegovina, said that the admission of Bosnia-Hercegovina to the world organization has historic significance for us, as has the visit by Butrus-Ghali, which is taking place at the most difficult time for Bosnia-Hercegovina.

The United Nations has been involved in our tragedy from the very beginning, something that is confirmed by numerous meetings and resolutions. Unfortunately, during this time more than 100,000 people were killed or have disappeared, while more than a million and a half people were displaced. Many commentators claim that our tragedy is in the hands of the United Nations, Ejup Ganic stressed, adding that the world organization was only looking at the tragedy.

Expressing thanks for the welcome and sympathy with the suffering of our people, UN General Secretary Butrus-Ghali stressed once again the importance of political negotiations for the future of Bosnia-Hercegovina.

[Begin Butrus-Ghali recording, in English] I would like to stress that your country is a full and equal member of the United Nations. Being a fully fledged member of the United Nations, I would like to say that the United Nations (?wants) and must protect your country and its political integrity and independence. Your principles were reaffirmed by the London conference. In cooperation with the EC we have created a mechanism with which we want to promote peace. We have a steering committee, we have six working groups, we have two cochairmen, we have Mr. Vance representing the United Nations, and Mr. Owen, representing the EC. They are working 24 hours a day and are trying to bring about peace and [word indistinct].

(?I would like to say to) Your Excellency that we share your frustration about this horror that is happening to your country. We have condemned the crimes that took place. We also hope that the international court of justice will punish all those who committed crimes. Having said this, I would like to say that we must continue negotiations, that we must believe in negotiations, we must believe in the cochairmen.

Only through negotiations and more negotiations can we find a solution. This solution must be based on the political independence of your country, independence and integrity of your state. At the end of 1992, I hope that 1993 will be a year of reconciliation, a year of reconstruction, and a year of return of all (?refugees) and displaced persons to their homes. [end recording]

After he thanked the United Nations for what it has done so far, Ejup Ganic demanded more specific actions by the world organization.

[Begin Ganic recording, in English with passage-by-passage Serbo-Croatian translation] As I said, every hour is important; every day is important for us. We have indeed been cooperating with the United Nations, and we will continue to do so, because we do not have any other (?hope). We belong to the United Nations. This is our destiny. We hope that the United Nations will show by this example that it will always protect the countries in which there are different ethnic groups and different religions. This has been our advantage so far. Frankly speaking, I must say that we do not know how to live differently. We are all mixed; we are mixed in our homes, in apartment blocks, even in our marriages. So, if we were to be divided, one would have to divide our buildings and finally our marriages. The resistance that we have put up so far stems from our experience of living together, the experience of knowing how to live together.

We do not have water, heat, and electricity. The natural sources that were leading to the city center have also been closed. People are now beginning to think that this is the biggest biological experiment, an experiment carried out under the supervision of the international community. We hope that the United Nations will stop our tragedy and that the measures taken will be effective here. We hope that all new countries will deal in the future more with the transfers of technology and development than with their defense, (?as) is the case with Bosnia-Hercegovina.

For us, this is a one-way street. We have to defend ourselves and put up resistance all the time. All we want are the same rights and the same opportunities for all citizens of Bosnia-Hercegovina, nothing more. [end recording]

Izetbegovic Delivers New Year's Message

LD0101000393 Sarajevo Radio Bosnia-Hercegovina Network in Serbo-Croatian 2300 GMT 31 Dec 92

[Text] Bosnia-Hercegovina Presidency President Alija Izetbegovic sent the following New Year's message to citizens of Bosnia-Hercegovina:

It is left to those of us, whose fate it is to survive, to save the liberated areas of Bosnia-Hercegovina, to liberate the occupied areas, and to punish the criminals. The enemy is still strong, but we are getting stronger and stronger every day. This is weakening the position of the aggressor. The New Year is starting with the Geneva negotiations. These negotiations were forced upon us, just as this war was forced on us. We will not, however,

accept peace being forced upon us. With this message, I wish you all the best in the new year, believing that it will be better.

In any case, the upcoming 1993 will not be easy. Our duty will be to regain and secure the rights of our people. Nobody can deny us the possibility to fight for these rights. I want to stress that we are fighting against criminals, and not against people, women, and children. That is why nobody has the right to tarnish our struggle and to use the enemy's methods. This is where we have a huge advantage over the aggressor. Expecting that everybody will do what is expected from them, I give my best wishes for 1993 to the citizens of Bosnia-Hercegovina, Izetbegovic said, among other things.

Karadzic Says Serb Flights Banned

LD3112214192 London PRESS ASSOCIATION in English 2042 GMT 31 Dec 92

[Report by PRESS ASSOCIATION political editor Chris Moncrieff]

[Text] All Bosnian-Serb fixed-wing aircraft have been grounded from 6 pm GMT tonight, according to Bosnian-Serb leader Dr. Radovan Karadzic. Dr. Karadzic, president of the newly-formed self-styled Republic of Srpska, announced this in a letter to Prime Minister John Major in continuing correspondence about alleged violations of the no-fly zone over Bosnia. This came after Dr. Karadzic's proposal to Mr. Major that he would allow UN monitors on any such flights.

The prime minister is reported by Dr. Karadzic to have replied: "I welcome your proposal to review the way in which Bosnian-Serb military flights are operating. It is essential that they should observe in full the requirements of U.N. Security Council resolutions. The Security Council may well wish to explore the proposal for the allocation of monitors to emergency flights by military aircraft (which I assume includes helicopters). The UK will discuss this further with the United Nations and the other countries interested."

Dr. Karadzic told him: "I accept the point you make about the need to observe the U.N. Security Council resolution and the position you take on this. I will ensure that we do all in our power to review our operations to ensure that we comply with the precise regulations for the authorization of any flights. There are specific problems regarding the deployment of helicopters for emergency humanitarian missions, particularly when there is a need to evacuate the wounded rapidly. In order to bring us near to full compliance as quickly as possible, and in recognition of your remarks, I issued an order a few moments ago grounding all Bosnian-Serb fixed-wing aircraft indefinitely."

Intense Fighting Reportedly Continues in Sarajevo

AU0101182693 Paris AFP in English 1806 GMT 1 Jan 93

[Text] Sarajevo, Jan 1 (AFP)—Intense fighting erupted in the streets of Sarajevo Friday [1 January] with Bosnian forces and Serbs trading artillery and heavy machinegun fire in close-range battles on several fronts around the besieged Bosnian capital.

Nearly constant mortar and artillery explosions and heavy gunfire could be heard from various parts of the capital and troop movements could be seen in what appeared to mark a major offensive by one camp or the other.

Three people were reported dead and 26 wounded by the city morgue and hospital.

The fighting prevented journalists from getting into the neighborhoods most affected by the outbreak but armed men could be seen advancing on several positions and it was clear that the artillery and mortar fire was being used in close-range combat.

TANJUG Reports Muslim Offensive in Sarajevo

LD0201131593 Belgrade TANJUG in English 1132 GMT 2 Jan 93

["Pool" item]

[Text] Belgrade, January 2 (TANJUG)—The Moslem forces have completed preparations for a strong offensive at Sarajevo and have already begun attack operations, the Moslem-controlled radio of Bosnia-Hercegovina has said.

The report confirms fears that the Moslem side in a nine-month-old civil, ethnic and religious war in Bosnia-Hercegovina is not interested in peace, and will try in an offensive to undermine a new and decisive round of peace negotiations which is to open in Geneva on Saturday [2 January].

Safet Zajko, a commander in the Bosnian Moslem Army, told the radio on Friday the "breakthrough of the siege around Sarajevo has been planned for months, but everything done so far was not so serious and comprehensive as the operations which are to follow."

Zajko said the penetration through the Sarajevo blockade was a minimum because the force which the Moslem side had at present was sufficient to "liberate the whole of Sarajevo."

The Bosnian Serb forces control some parts of Sarajevo and the predominantly Serb-populated suburbs and villages around the city.

Zajko said the Moslem troops outside Sarajevo were completing preparations to unblock the city, implying the troops of the operative group of Gorazde (in eastern

Bosnia), around Kalinovik and Trnovo (south of Sarajevo), on Mt. Igman (southwest of Sarajevo), in the northern Hercegovina town of Konjic and of the group Visoko and Kiseljak (northwest of Sarajevo).

U.N. intelligence experts also expressed doubts in the Bosnian Moslems' genuine intention to find a negotiated solution. They said they did not believe the Geneva talks on Saturday would make any progress.

The news agency REUTERS quoted excerpts from the December 27 report by U.N. intelligence experts, saying the Bosnian Moslem authorities were showing growing confidence in their own force and the inevitability of a foreign military intervention, and did not want to end the war under present conditions.

The U.N. Protection Force (UNPROFOR) in Bosnia-Hercegovina has said in a report the Moslem offensive might be aimed at provoking a massive Serb response which would then be used as an argument for adopting a decision on military intervention.

Muslims Said Preparing to Cause Toxic Disaster

LD0101182993 Belgrade TANJUG in English 1737 GMT 1 Jan 93

[Text] Sarajevo, January 1 (TANJUG)—Armed Moslem units have completed preparations for destruction of a dam on the Saska River, between Bratunac and Srebrenica, and the release of toxic waste from a local lead and zinc mine into the Drina River, the Army of the Serb Republic in the former Yugoslav Republic Bosnia-Hercegovina said on Friday [1 January].

This insane act would cause a major ecological disaster in the Drimu, Sava and Danube River basin and have unforeseeable effects on the environment, said the statement by the Information Service of the Serb Army headquarters.

Armed religious fanatics have been systematically preparing the operation by explicit orders from Bosnian Moslem leader Alija Izetbegovic, claims the statement.

Serb civilians were recently massacred in the area of the Bjelavac village where the dam is situated and preparations for its destruction were made, says the statement and adds that Izetbegovic, on receiving the information, ordered his forces to wait for further orders.

The operation is directly supervised by Naser [name indistinct] a Moslem from Srebrenica known locally as "the sultan."

The Army of the Serb Republic will take steps to prevent the realization of this insane plan, says the statement and expresses hope that international factors, primarily [word indistinct] mentors and financiers of Moslem fighters, would exert pressure on Izetbegovic to prevent a major ecological disaster.

Last May, Moslem fanatics led by Murat Sabanovic tried to destroy another dam, on the Drina River, but were stopped in time.

Izetbegovic, who had a role in the incident, was then heard as telling Sabanovic: "Not yet, Saban."

Mladic Says Serbs Will Never 'Kneel'

AU0401113593 Novi Sad DNEVNIK in Serbo-Croatian 12 Dec 92 p 2

[Interview with Lieutenant General Ratko Mladic, Chief of General Staff of the Army of the Serbian Republic of Bosnia-Hercegovina, by Stevan Risovic; place and date not given: "The End of the War is Both Close and Far Away!"]

[Text]—The Serbs in the former republic of Bosnia-Hercegovina are being threatened by a military intervention. Not not only they are being threatened but also the Federal Republic of Yugoslavia and Serbia, who are supposedly assisting Bosnia-Hercegovina's Serbs in the war with the Muslims and the Croats. Lieutenant General Ratko Mladic, chief of General Staff of the Army of the Serbian Republic [of Bosnia-Hercegovina], whom we spoke to after his recent meeting with General Satish Nambiar, commander of the UN Protection Forces on the territory of the former Yugoslavia, does not exclude the possibility of a military intervention from outside, but he discards the possibility of the Serbian people in Bosnia-Hercegovina giving in to any kind of outside pressure, not even in the case of a military intervention.

[Mladic] Even if it comes to a military intervention it will be a limited one. However, it would be very hard to contain a fire in the Balkans. I have said on several occasions that in the case of a military intervention the Serbs would be sucked into a black hole, but the others would soon follow. The Serbian people have been under tremendous pressure for months. The Geneva negotiations, or rather conversations, since there has been no direct contact between the three warring sides (Serbs, Muslims and Croats), are conducted under constant pressure from the West and the United States. They would like us to kneel, but we are never going to do so!

Need for Unity Among the Serbian People

[Mladic] You see what is happening in Somalia. The intervention was a success when famine struck, when people there started dying of starvation. They would easily intervene if only they could feel that we are weak, that we are helpless and disunited. I very often stress that the Serbs in the former Bosnia-Hercegovina are fighting three enemies, but that they mostly fear a fourth one. They are fighting against the units of Croatia's regular army, against the Croatian Defense Council, and against Muslim armed formations, but they fear Serbian disunity. That is why I want to use this occasion to plead for unity among the Serbian people, because if we are united there is no force in this world that will conquer the Serbs.

[Risovic] General, at the recent meeting with Satish Nambiar in Banja Luka, no agreement was reached on the most important issue—the coming of a Canadian battalion to Banja Luka. It was obvious that Nambiar was dissatisfied when he left Banja Luka.

[Mladic] We discussed three important issues: the ending of the war in the former Bosnia-Hercegovina, the unhampered passage of humanitarian convoys and relief planes, and the deployment of UN Protection Forces in Banja Luka. The first two issues, which are a lot more important than the third, we managed to agree on very quickly, and we made all the necessary arrangements. However, as I informed Nambiar, we could not agree on the arrival and deployment of the Canadian battalion out of the simple reason that only the People's Assembly of the Serbian Republic [of Bosnia-Hercegovina] can make such a decision.

[Risovic] Why are the Canadians coming to Banja Luka when there have been no military activities in this city? True, there have been fierce ethnic clashes in the surrounding towns, but now everything is quiet in Jajce, Kotor-Varos, Prijedor, and Sanski Most?

[Mladic] Well, I would like to know the answer to that also. I am only going to propose to the Assembly that it pass a decision allowing the UN Protection Forces to be deployed on the dividing line between our forces and those of the Croatian Defense Council, down the Jajce-Donji Vakuf-Kupres-Glamoc line. That is where these forces are needed, not in Banja Luka. Moreover, we are going to ask that the troops deployed down this dividing line be Nepalese for example, and not Canadians, because we know that among the 1,800 Canadians there are a number of Yugoslav dissidents and emigres.

Two Vital Conditions

[Risovic] Rumor has it that General Janko Bobetko, chief of General Staff of the Croatian Army, has asked for the demilitarization of Trebinje.

[Mladic] Yes, it is true. When we met at Sarajevo Airport where we held exhaustive talks in the presence of the French General Philippe Morillon, Bobetko conditioned the cessation of all hostilities between the army of the Serbian Republic [of Bosnia-Hercegovina] and the Croatian Defense Council with all sorts of requests, one of which was the demilitarization of Trebinje. This, of course, is out of the question for as long as 26 brigades of Croatia's regular troops are deployed on the territory of Hercegovina. The only thing that we were able to agree on was the necessity of ending the war, but both he and I set certain conditions. Bobetko asked us not to bomb Croatian towns and villages with heavy weapons, and he asked that the international community guarantee the integrity of the Croatian border. I asked once again that all Croatian occupying forces be immediately withdrawn from the territory of Hercegovina and Posavina, and Bobetko promised in Philippe Morillon's presence that all Croatian officers would be withdrawn from Bosnia. By this he admitted that the Croatian Army was involved in the war in Bosnia-Hercegovina. I also requested that Alija Izetbegovic and Franjo Tudjman annul the military alliance made earlier and that they withdraw the decision on declaring war on the Serbs. Therefore, if these two conditions are fulfilled, we can sit down and discuss the final end of the war.

The Serbs Are For Peace

[Risovic] Radovan Karadzic, President of the Serbian Republic [of Bosnia-Hercegovina] has announced that the war will be over by Christmas. Karadzic also announced the dissolution of all POW [prisoner of war] camps on the territory of the Serbian Republic [of Bosnia-Hercegovina]. The other side is once again silent!

[Mladic] This just adds to the evidence that the Serbs are for peace. We are not the ones who caused this war, and believe me when I say that I would be the happiest man alive if the war were to stop this instant. War is an evil that can only bring unhappiness to man. However, I believe that the end of the war is both close and far away. It is close if there is a political dissolution of the crises in the former Bosnia-Hercegovina. It is far away if the political leaders do not reach an agreement.

[Risovic] The EC, the United States, the Security Council, the Islamic Union....., are all threatening the Serbian people. Do the Serbs have anyone in the world they can rely on?

[Mladic] Sure they do! The Serbs can and must rely only on themselves! I am truly sorry that in these cursed Balkans the Serbs have never been able to clearly define their national interests, their national program around which all of them would unite. Nobody can touch us if only we are united. Those four letters S—only unity saves a Serb [samo sloga Srbina spasava]—must always be in our minds. We must not forget, however, that in moments of crises the Russians have always been on our side, that the Greeks are traditionally our great friends, and that in the course of history we have always had the sympathy of the French. However, I would not dwell too much on this sympathy. The Serbs can defend themselves from any aggressor under one condition: that they are united by their national program.

Provocations From Zagreb

[Risovic] General, rumor has it, even in official circles, that the presence of the UN Protection Forces on the territory of the former Yugoslavia, and now even on the territory of the former Bosnia-Hercegovina, is actually a silent occupation of Serbian territories. From a military viewpoint, how do you assess the role of the UN Protection Forces?

[Mladic] No, I would not agree with this assessment. The UN Protection Forces are peace forces. They are here to establish peace, and they are doing an honest job in spite of casualties. Any other role of the UN Protection Forces is out of the question. They are UN peace corps.

[Risovic] Nevertheless, in Zagreb, Satish Nambiar himself said that he was not acquainted with any new mandate of the UN Protection Forces, although the Croatian media keep insisting on it—that the UN Protection Forces be turned against the "aggressor," the army of the Serbian Republic [of Bosnia-Hercegovina]?

[Mladic] That is an entirely different story. I am aware of this, but we must not allow ourselves to give in to these provocations from Zagreb. I know that they (Croats) would like to provoke an armed incident between the Army and the UN Protection Forces so that they can blame the Serbs, before the eyes of the international community, for the possible failure of the UN Protection Forces mission. We are going to be at the disposal of the UN Protection Forces, the Office of the High Commissioner for Refugees, the representatives of the International Red Cross, the EC monitors. We are going to help them to the best of our abilities. Any opposition to these international factors is out of the question.

[Risovic] Humanitarian convoys and the flights of relief planes have often been the topic of discussion between the representatives of the Office of the High Commissioner for Refugees and the Red Cross and the representatives of the Army and the Presidency of the Serbian Republic [of Bosnia-Hercegovina].

[Mladic] Yes, I recently talked to Robin (?Seebert), head of the Red Cross office in Banja Luka, and I explained to her that humanitarian help was just as necessary to the Serbian people as it was to the Muslims and Croats. I also told her that so far, 90 percent of the help was distributed to the Muslims and Croats and only a small part to the Serbs. As far as the passage of these humanitarian convoys and the flights of relief planes on and over the territory of the Serbian Republic [of Bosnia-Hercegovina] are concerned, the Army will guarantee their safety. Therefore, there is no need for UN Protection Forces to do the job. That is what I told Nambiar in Banja Luka. The same thing applies to relief planes. Not one single weapon will be aimed at these planes. But it must not happen that two, three convoys go to Srebrenica, Tuzla, Mostar, while Trebinje, Ljubinje, Derventa, Doboj are avoided.... It must not happen that the packages contain weapons and ammunition in place of food, clothes and medicine. If we learn that the convoys and flights are being abused, all of the Pentagon will not be able to protect them.

[Risovic] So far, Sarajevo has received more help than the entire Serbian Republic [of Bosnia-Hercegovina]. Up to 20 planes land daily at Sarajevo Airport.

[Mladic] I am telling you, 90 percent of the humanitarian help is distributed to the Muslims and Croats, and only 10 percent to the Serbs. In army warehouses in Jajce we found enough food supplies that would have enabled them to go on fighting for at least two years. In addition to this, all this food was of foreign origin, and it did not just fall out of the sky. It was somehow smuggled into Jajce where incidentally and supposedly by mistake, trucks bearing the UN insignia were detoured.

[Risovic] General, national maps are very much in vogue at the moment. However, they are so different that it is almost impossible to draw a map of Bosnia-Hercegovina that would satisfy all three warring sides.

[Mladic] I am a soldier and not a politician. The military situation in the former Bosnia-Hercegovina is very favorable for the Army, and it would be still more favorable if we had thought earlier of all the things that might overtake us. We must not repeat the mistakes of our forefathers. They, too, came out as victors who then organized a state for others to enjoy. The time has come for the Serbs to finally build a state for their children, and that it is a Serbian state. They say that the world will not recognize such a state? It does not have to! The Serbs must once and for all realize that to survive on this territory they must be united by a unique Serbian program, one that will always remain above partial political and other interests.

[Box, p 2]

Sajkaca [a Serbian soldier's cap]

"The army of the Serbian Republic [of Bosnia-Hercegovina] must be uniformly attired," says Mladic. "We have our flag, our national anthem, our coat of arms—we will also have a uniformly attired army. I am saying this publicly for the first time, but I will try to ensure that the troops have sajkaca caps on their heads with the Serbian flag emblazoned on the front."

Cowards

"I prefer one honest and courageous soldier to 100 cowards. There are a lot of these others around, who spend their time brawling in saloons and firing shots at night that frighten women and children. These are not Serbian soldiers! Profiteers and plunderers will have to answer for their crimes. The Serbian soldier has always been a courageous and honest hero."

The Corridor

"We have to widen the artery that connects the circulation of the Serbian republic [of Bosnia-Hercegovina] with that of Serbia. The corridor is too narrow in some places. However, as much as we want to widen it, the Muslims and Croats want to narrow it, to break it off because Brcko is their goal, but it is a goal they will never achieve."

Tudjman: Military Intervention Unrealistic

LD3112184092 Belgrade TANJUG in English 1807 GMT 31 Dec 92

[Text] Zagreb, December 31 (TANJUG)—Croatian President Franjo Tudjman said on Thursday [31 December] that it was not realistic to expect that the United Nations (U.N.) Security Council would adopt a resolution on a military intervention in former Yugoslavia because that could lead to more fierce armed conflicts and bring new forces into the conflict. In a talk with reporters on the eve of the New Year, Tudjman said that the world organization would therefore try to resolve all problems through negotiations and that Croatia would support all such efforts.

The Croatian president added that the war-torn former Yugoslav Republic of Bosnia-Hercegovina could be preserved "only as a confederal community of the three constitutive peoples."

President of the Federal Republic of Yugoslavia Dobrica Cosic also agreed with this stand during his talks with Tudjman in Geneva earlier this week.

Bosnian Serbs and Bosnian Croats have already formed their own state communities in Bosnia-Hercegovina—the Serb Republic and Herceg-Bosnia, respectively. Serbs and Croats do not wish to live in the unitary model of Bosnia-Hercegovina that has been proposed by the Bosnian Moslem side.

Tudjman assessed that a normalization of relations between Croatia and Serbia was the only real policy. "Conditions must finally be created for a normalization of Croatian-Serbian relations, if we do not want us to exterminate and make war on each other once again," Tudjman underscored.

Imam: Muslims in Bosnia Will Not Cease Fighting

LD3112192892 Belgrade TANJUG in English 1823 GMT 31 Dec 92

[Text] Zagreb, December 31 (TANJUG)—The Great Imam of the Zagreb Mosque Mustafa Ceric said in an interview to the Zagreb weekly GLOBUS that Moslems in the former Yugoslav Republic of Bosnia-Hercegovina would not stop fighting even if the war lasted until "judgement day." The great imam underscored that Moslems could talk with Bosnian Serb leader Radovan Karadzic "only over a rifle barrel."

The great imam said that he did not believe in a Western military intervention in Bosnia-Hercegovina because this was actually "an international conspiracy against Islam and Moslems in Bosnia- Hercegovina" which is led by "the extremist Butrus-Ghali." A civil, ethnic and religious war has been raging between Serbs, Moslems and Croats in Bosnia-Hercegovina for nine months.

The position of Moslems in Croatia today is "at its lowest point," Ceric said, underscoring that they had to prove their loyalty to Croatia in order to be issued a certificate of citizenship, and that one of the conditions for this was "that they declare themselves Croats." Ceric also said that he could not understand "the aggressiveness of certain circles in Croatia in their attempt to proclaim Moslems Croats at all costs and without scientific arguments."

President Tudjman Delivers New Year's Message

LD3112222692 Zagreb Radio Croatia Network in Serbo-Croatian 2100 GMT 31 Dec 92

[New Year speech by Croatian President Franjo Tudjman in Zagreb on 31 January 1992—recorded]

[Text] I wish to address in gratitude the entire Croatian nation and all citizens of Croatia who realized the 1000-year-old dream of their own state, as well as to all our compatriots and benefactors around the world who helped Croatia and the Croatian people to bear more easily the heavy burden of aggression, war, and refugees. Their help considerably contributed to the fact that there has always been enough bread and clothing for everyone in our exhausted homeland. Now that the international community is showing greater readiness to help eliminate the consequences of the war in Croatia and revive the Croatian economy, conditions are being created for the return of a greater number of Croatian refugees in the new year and for the beginning of their input to their Croatian homeland.

To all of you, dear compatriots and fellow citizens, I wish a happy 1993, much happiness, peace, success, and satisfaction in work and private life. I believe that in the new year we shall make yet another big move toward the ideal of a free and independent, rich, and happy Croatia, such as we all carry in our hearts. We have proved that we can achieve this through our efforts when Croatia joined other independent and sovereign countries in the world.

Firmly believing in success in the coming 1993 may it be happy and blessed for you all.

Prime Minister on Stabilization Program

LD0101110393 Zagreb Radio Croatia Network in Serbo-Croatian 1220 GMT 30 Dec 92

[Speech by Croatian Prime Minister Hrvoje Srinic to Croatian Assembly Chamber of Deputies on 30 December—recorded]

[Excerpts] Ladies and Gentlemen, Deputies in the Assembly of the Republic of Croatia.

Before I outline the main guidelines of an economic stabilization program allow me to make a number of fundamental explanations. Aware of our difficulties at the end of August 1992, my government began work on

this most important document, without which it is not possible systematically to conduct any economic policy. Over 100 days of intensive work were needed to prepare the foundations of this program. This is a complex task, especially in the absence of a comprehensive methodology and reliable statistical data to reflect the problem. The Croatian Statistics Bureau in the former state of Yugoslavia was merely a servant of the Federal Statistical Office. Here I must also mention the absence of a so-called preliminary program, which in all countries with continued economic development is regularly updated and adapted to newly created conditions. In many of the stages of our work this was a pioneering task.

The definition of public debt, of unsubstantiated accounts in the banks, and the analysis of the situation in publicly owned enterprises, are just some of the elements without which it would have been impossible to draw up our stabilization program.

The main aims of this stabilization program are: To stabilize prices, to revive economic acitivity and to improve social welfare. Closely linked is the need to secure conditions for overcoming socialist legacies, and for transforming Croatian economy into a modern, effective market-oriented economy.

This program is being presented and drawn up at a difficult time for the Croatian economy. The aggression against Croatia and the destruction caused by it, as well as various other factors—transitional problems, the disappearance of some of the markets where Croatia used to export its goods, increased risks that have slowed down international trade—have resulted in a constant decline over the last two years in Croatia's social product, which in 1992 was half of what it was in 1990. At the same time, public expenditure, defense costs, the cost of keeping refugees and displaced persons, and the cost of reconstruction inevitably had to rise.

In such conditions an alernative war concept of distributive economy could be imposed. While outlining this program we shall, however, proceed from an assumption that such an alternative scenario will not be realized. However, independently from this, we should bear in mind the fact that in various spheres and in various ways the Croatian economy has been badly damaged, which poses a great many problems when outlining and implementing a stabilization program.

An assessment of the present situation: The estimated social product of Croatia was reduced in 1992 to about half of its prewar level in 1990. A drastic decrease in the social product is a result of several factors:

1. Enormous destruction caused by aggression against Croatia;

2. The loss of markets—the former Yugoslav market and those of the CSCE countries;

3. The problem of transforming the post-socialist economy into a market economy; and finally

4. Political and economic risks that had an effect on reducing the intensity of economic exchange with foreign countries and other financial and economic trends. [passage omitted]

Given that, in 1992 the decrease in the social product was twice as high as the drop in unemployment, there was a considerable fall in work productivity and wages. Attempts by chief beneficiaries of the social product, the population, and the public sector, to keep the largest possible share in the distribution of the falling social product were a source of constant pressure of inflation. In addition there is a phenomenon typical of other post-socialist economies, so-called soft budgetary restrictions, whereby the money issue is being induced in a more or less covert way through tolerating financial indiscipline and similar activities. This resulted in big price rises in 1992. In the first half of 1992 the prices rose, except in the month of May, at a high but relatively stable rate of 15 percent. However, in the second half of the year price increases accelerated. In October retail prices grew at the rate of 33.8 percent. Signs became evident of strong inflationary expectations, of anticipated price rises, etc. All this paved the way for hyperinflation, with all its negative effects: a fall in production and the standard of living, the absence of rational decisionmaking, and mounting social and political tensions.

Defense costs, the cost of caring for refugees, and unemployment benefits, as well as repair work and the reconstruction of what has been destroyed have become a new additional and inflexible burden to the public sector expenditure. To this must be added other forms of expenditure caused by the aggression against Croatia or rather resulting from its independence. As a result of the war many activities have been radically reduced, but their fixed costs, which now include salaries for those involved in these activities, have remained the same—for instance, the railway.

As a consequence of the disintegration of Yugoslavia and its financial system, and Serbia's seizure of foreign currency reserves, the claims by Croatian banks to the tune of over $3 billion against the National Bank of Yugoslavia have been transformed into Croatia's public debt. These so-called old foreign currency savings now amount to over three-quarters of Croatia's consolidated public debt. This debt is estimated to stand at the moment at $4 billion, or 48 percent of the estimated social product in 1992. The servicing of this debt costs about $170 million annually, or over 2 percent of the social product. The existing identified external debt of about $2.7 billion must also be taken into account. The servicing of this debt is another of the burdens weighing heavily on our state. [passage omitted]

Any consolidation in the Croatian economy, and any attempt to stabilize and revive economic activity, require a comprehensive reorganization of the economy according to market principles and business activity norms. Accordingly, a macro-economic policy will be effective only if it is allowed to function in an integrated

market environment. The stabilization program must therefore envisage all moves that will have to be made in the realistic financial and regulative spheres. It is, however, clear that despite the urgency to carry out transformation, all these moves cannot be made at the same time. Priorities and their scheduling will have to be defined. The following are without doubt our main priorities:

1. To remove the danger of hyperinflation and create conditions for the stability of prices; to prevent any further contraction of the social product, and to revive economic activity. These two tasks are closely interlinked. It is impossible to revive economic activity without additional investment in the production sector from domestic real savings and funds from abroad. Our entry into the IMF, the World Bank, and other international financial institutions will open the door to the world capital market, where interest in investing in the Croatian economy is undoubtedly great. However, the main prerequisite for this kind of investment is a high degree of stability. In order to complete this task it will be necessary to tackle all the roots of inflation.

2. To create conditions in which it will be possible to conduct an effective economic policy. This implies, above all, the creation of such an institutional structure whereby all expenditure and decisions will be clear and under the direct control of economic policy. In other words, decisions about the method, the degree, and scale of intervention in the economy must be part of the public expenditure policy and not secretly passed by sections of the economy and the banks, thus fueling inflationary trends. [passage omitted]

3. Any reduction in the cost of economic intervention is closely linked with improvements in the efficiency of those who rely on these interventions. The process of privatization, which implies an improvement in the way public sector enterprises are managed, must therefore be given maximum support and be intensified. The process of privatization must be used, on the one hand, to obtain fresh funds for reconstructing and reviving the economy, and on the other hand, to reduce the public debt.

4. The policy of stabilization which, in addition to other measures, implies a certain restriction in monetary policy and salaries, could influence the deepening of short-term social problems. We should be aware of that. Therefore, it is necessary on the one hand to create conditions for the maximum rise in investments, along with a further rise in exports, while on the other hand it is necessary to prepare adequate social policy measures that will be directly applied to help people with inadequate means of support. Although some social problems may still be resolved by maintaining a surplus of workers in employment, the aim of the stabilization program in enterprises is that such ways of resolving social problems—and this includes the prices policy—are abandoned and replaced by social security mechanisms.

In order to secure the realization of our stabilization aims, it is necessary to implement changes in normative structures. In this way legal bases are created for the functioning of the Croatian economy on a market basis, and for its effective inclusion in the international economic system. We need to be aware of the fact that every change in the institutional framework, even though it is an improvement, incurs initial expenditures. Hence, in the application of the new normative framework, which usually implies the introduction of new institutions and services, one should take care of the time sequence of their introduction, and also take into consideration all prerequisites for and consequences of their application.

The building of the new normative and institutional infrastructure, the privatization of enterprises, the independence of banks, the development of new financial institutions, and also the improvement of effectiveness and responsibility of public administration, will set new requirements as regards the quality and education of cadres. Therefore it will be necessary to use all possibilities and sources for the adequate education of young and ambitious people. In this regard we should develop organizational capacities to accept foreign help that is already now being offered from many sides.

A great deal of Croatia's economic problems is reflected in the balance of revenue and expenditures in the state budget. The rise in state expenditures caused by the needs of defense, the provision for refugees and displaced persons, reconstruction and the like, in addition to an inherited task to intervene in the economy, all under conditions of around a 50-percent drastic drop in the social product in contrast to 1990, has resulted, on the one hand, in a huge rise in tax burden, and on the other, despite all this, in a still existing budgetary deficit.

The first step in normalizing the financial situation in the economy and the clear demarcation of certain sectors is the definition of revenue and expenditures of the public sector and the definition of public debt. In this sense, by consolidating public debt the balance of accumulated losses of public enterprises and health institutions is transferred to the public debt. In this way conditions are created for their normal functioning, the financial recovery of banks, and a clear picture of servicing the public sector debt.

Such an operation would normally yield results only if the incurring of further losses in public enterprises is prevented, which should be facilitated by the reorganization of administration and ownership transformation, for instance economic privatization. Of exceptional importance are the privatization and restructuring of large companies, which due to their size and influence also have a public sector character. This will increase their efficiency, that is, prevent them from making new losses.

Within the framework of the stabilization policy, the state budget will play a social role. This is above all related to the necessary requirement that all subsidies

are shown clearly in the budget. This will insure adequate control of public finances by parliament, and will prevent direct or indirect financing of deficit in the public sector and other sectors of the economy from primary emission inflationary sources. This will also pave the way for a more efficient macro-economic regulation of the overall economic trends on the part of exponents of the macroeconomic policy.

Financing of the public sector deficit, which in 1992 amounted to 300 billion Croatian dinars, or 5 percent of GDP—and half of it will be carried over to 1993 exclusively from real sources, consisting of savings, surplus domestic sectors, and sources from abroad—is the basic presupposition for the overall stabilization of the economy. This is also the main difference between a socialist and modern market economy.

The fundamental principle of the economic recovery process is that possible subsidies for enterprises are linked to a clearly defined program of their reorganization within a limited period, while all other subsidies should as a rule be reduced or abolished, that is, they should be included in product prices. In order to create a fast and efficient process of restructuring it will be necessary to develop special recovery programs for large companies that are in difficulties. Assistance for this can be sought from the World Bank and other competent consultant institutions.

In order for the stabilization program to have a permanent effect it will have to be followed by the restructuring of inefficient enterprises, especially big loss-makers, and by liquidating enterprises that have no future; this would inevitably be followed by a reduction in the number of employed people, that is, by a reduction in labor costs. This will also lead to an increase in the share of the budget for social welfare and for an active employment policy.

The political situation will substantially determine the budgetary expenditure for the army and refugees. The expenditure for reconstruction will largely depend on possible foreign loans.

In order to attract foreign funds for reconstruction, the Government is already working on an operational program for reconstruction in 1993 so that it can base on this program a clear request for funds from foreign creditors or donors. Public works—where there are material and human resources—will be adequately accounted for in the process of reconstruction.

Since it will not be possible to increase classical budgetary expenditures within the process of stabilization and the overall economic policy for 1993, this will demand a significant change to the existing structure of the state budget in line with objectives of economic policy. [passage omitted]

The implementation of the 1993 stabilization economic program will largely depend on implementing full economic activity, that is, the dynamic movement of the social product. At the same time, the progression of economic activities and the social factor will largely depend on external factors—the continuation or end of the war on Croatian borders and in Bosnia-Hercegovina, and the end or continuation of the aggression against Croatia.

In the case of extreme deterioration of external influences it is difficult even to imagine the implementation of a market-based economic policy. Under such circumstances a program of distributive economy ought to be applied. It is not presented here, but the Government will have it as a reserve option. Such a program would be based on the balancing of all basic economic sources, rationing of spending, stricter plans of production, and doing business in some sectors of the economy. The structure of expenditures on public spending—the republican budget—would also be subjected to emergency circumstances, while the volume of that spending would be higher. The degree of investment activity under these conditions would be considerably lower than planned which, among other things, would consequently bring about a lower volume of economic activity.

The program prepared for these conditions is of such a nature that it does not fit into the concept based on market stabilization foundations. However, if we ignore that scenario a considerable improvement in conditions for the revitalization of the overall economic activity can be expected. It is true though, that even in that case there will be many difficulties in connection with the continuation of 1992 trends, such as the stagnation of the social product and the high rise in prices. The first task of the economic policy will therefore be the stabilization of the overall economic situation, and implementing total economic activity in a positive direction.

In any case it is realistic to presume that our inclusion in the IMF and the Wold Bank will create possibilities for the influx of fresh capital. However, in order to achieve that it is necessary to ensure a high degree of price stability. Without that possible access to new capital we will be without any important effects. However, we should not expect the influx of fresh capital to start with the new calendar year, or that it will start bringing results as soon as this happens. Therefore, the beginning of a significant revival can be expected only in the second half of 1993, with the full boom in 1994. It is realistic to presume that where general conditions improve, a high growth in construction, tourism, transport, and industry will follow. This can be expected even more so because industrial production has already shown signs of recovery, while tourism gave even better results than expected under adverse conditions in 1992. In that case the social product in 1993 will rise by 15 percent, with a trend toward further acceleration. Such a rise means a return of the social product to a pre-war level within a period of three-four years.

However, with such a growth rate, overall domestic spending, for instance personal spending, public and investment spending, would grow more than the

achieved social product thanks to the provision of chances for the net influx of money from abroad to grow to the tune of approximately $400 million, which will be facilitated by our easier access to the world capital market. The full effect of the influx of capital will be felt in the next few years.

When determining anti-inflation policy, it should be borne in mind that a powerful wave of inflation will continue into 1993. Hence, anti-inflationary measures should be implemented immediately, so that impulses from 1992 are neutralized as soon as possible and price rises slowed down quickly. So, it is of primary importance to consistently implement anti-inflation measures in order to eliminate inflationary expectations as soon as possible.

In order to control inflation, the economic policy will rely on three breaks:

1. Fiscal policy;

2. Monetary policy;

3. Wage policy.

One of the basic tasks of the anti-inflation fiscal policy is to reduce fiscal pressure and to adequately stimulate production. Consequently, a share of revenue from taxes and customs in GDP will fall by 2.6 percent in 1993 in comparison with 1992. At the same time, work will be done to raise the efficiency of the entire fiscal system, which means a consistent implementation of the already adopted regulations, and an improvement in existing regulations. It is necessary to improve efficiency with regard to tax collection. In order to achieve this, a financial policy will be set up, a better control of some produce and service, such as tobacco, alcohol, and lottery games, will be introduced.

At the same time, the state administration will be rationalized and its efficiency will be increased. This is very important because of a possible vertical distribution of budget revenue that will be caused by the new administrative system in the republic. It will be possible to realize these fiscal tasks, primarily when risks are reduced, that is, under the conditions which allow for a better economic growth and tax basis.

In 1993, privatization will be intensified, which is expected to increase state revenue. Likewise, budget revenue will be increased from taxes on profits made by public sector enterprises and property. Hence, the overall budget revenue will rise in real terms by 2.9 percent, despite a reduction in the tax burden.

Pressure on the growth of certain areas of public expenditure in 1992 and changes in its structure arise out of the following causes:

1. The servicing of domestic debt and failure to reschedule foreign debt, expenditure related to the recovery of public companies, major companies with structural problems, and certain banks with major operating problems. The covering of these expenditures from real sources is one of the key prerequisites of stabilization.

2. Restructuring in a market climate will result in increased social costs, and will therefore significantly increase expenditure on social assistance.

3. Care of the displaced population and financing recovery. In the budget there are three sources of funds for financing recovery:

a) Funds provided through the Croatian Kreditna Banka for recovery and serving to finance particular parts of the infrastructure, of which so far 16 billion Croatian dinars have been spent;

b) Regressive interest rates on specific bank credits used for the reconstruction of buildings, of which about five billion Croatian dinars have been spent so far;

c) Funds for the repair of public utility works, budget beneficiaries, education, the judiciary, and administration.

After initial experiences in reconstruction, the conclusion was reached that reconstruction cannot be exclusively based on the principle of financial credits. The Government has therefore approved special non-repayable funds amounting to around two billion Croatian dinars for financing the rebuilding of seriously damaged villages on the borders of the Republic of Croatia, and for the cost of transportation, equipment, and other goods. In the treatment and drafting of the reconstruction program, which the World Bank is prepared to finance, are residential buildings, schools, clinics, and the infrastructure. With Croatia's acceptance into the IMF and the World Bank, and the provision of certain concessions, there are greater chances of a favorable take-up of government bonds for recovery that could be an important source of funds in the coming period.

The state budget deficit will amount to about $150 million, which amounts to about 1.6 percent of the projected social product. An important aim of the anti-inflationary fiscal policy is to prevent the creation of deficits in other areas of the public sector, public companies, health, and so on.

The monetary policy in 1993 will support the aims of the stabilization program. A restrictive monetary policy without redistributive functions is the basic and necessary axis of the program that will, in 1993—with a reduction of the budget deficit and elimination of current losses in the public sector—bring down inflation and thereby effect a revival of economic activity. The quantitative tasks of the monetary policy in 1993 will therefore be applied restrictively in accordance with the proportionately narrowly applied frameworks of planned growth, the volume of financial transactions, and the projected trends in money circulation. The

qualitative instruments of monetary regulation will be determined in such a way as to eliminate the parafiscal character of monetary policy. These are the basic quantitative and qualitative characteristics of the monetary policy in 1993, without which the monetary policy will not be able to contribute to the realization of the goals of the total stabilization program.

In the salaries sphere it is necessary to secure flexibility at the level of every company. In this sense the minimum salary must not have a social function because that would strip it of its extremely important allocation role. In the conditions of a non-privatized economy and structurally conditioned depression of activities in many enterprises and sections, an overly high minimum salary at the level of the overall economy exercises pressure on the rise in prices in ineffective enterprises, and is less reflected in the reduction of employment. [passage omitted]

The effectiveness of the macro-economic policy will be backed by the processes of economic restructuring, privatization, an improvement in managing public enterprises, and the building of a market, normative, and institutional system. These processes will create conditions for a market macro-economic policy. A high degree of economic openness and a market-determined policy of exchange rates are also prerequisites toward the creation of a complete market environment and an effective macro-economic policy. This implies the continuation and development of a free foreign exchange, free pricing, and the development of a foreign currency market. In fact, we survived the whole war with a market economy, and managed to avoid a distributive economy that is otherwise appropriate to the state of war.

The process of economic stabilization and restructuring will influence the deepening of currently serious social problems. The protection of people's living standards with inadequate means of support in 1993 will be secured through various forms of social welfare, which will primarily enable its recipients to survive. Various forms of direct aid and interventions to help the needy population will be drawn up and proposed. These interventions represent a part of the envisaged growth in public spending. However, a change of social policy along with the policy of prices and employment through direct intervention in the social sphere will give positive social effects. Total savings will also be larger because of savings that were achieved by efficient companies without the burden of social functions.

Respected ladies and gentlemen, permit me to remind you again about the inflation problem, even though it was discussed in the report. The hyperinflation we are facing today has destructive results. Not a single business decision can be made on a long-term basis, so much so that we are facing an expansion of short-term and speculative business ventures. Realistic budget incomes are falling, and an anticipated rise in prices is fueling inflation. In these conditions it is totally impossible to achieve an influx of foreign capital. Our membership in the IMF and other financial institutions is only formal without the possibility of a real influx of expected financial investments. Hyperinflation also causes peoples' incomes to become worthless, it causes a growth of social problems, smuggling, and crime. That is why the program is directed energetically against inflation. If we do not fight inflation, above all the revival of production, nothing else will be possible. Ladies and gentlemen, the Government is of course responsible for that ambitious program, but so are we all. We must respond to this challenge, not only for our own sake but primarily for Croatia. We must be aware that we will be under pressure from various interest groups and that this will restrict our government's maneuverability even more. We are all facing a historical test of maturity. Believe me, we do not have any more time and space for internal disagreements after we reache a consensus on vital principles. I am sure that the opposition representative in our parliament will also asses the program objectively and that the opposition will propose amendments and then give support to the program because it is not a party program but a Croatian one. The economy behaves in accordance with universal patterns. Our program adapts them to our difficult conditions. Such tasks and responsibilities, as well as the problems we inherited from the old system and the war, demand a full and systematic engagement of a three-year program of activities with regard to improving the economy. Today we start with the first chapter of this program, which is our joint task, and nobody will be let off the hook easily. [passage omitted]

The year ahead is a period filled with a number of special responsibilities:

1. To establish peace and the power of the Republic of Croatia within its internationally recognized borders;

2. To start a systematic reconstruction of destroyed parts of Croatia and ensure the return of refugees, with special emphasis on reorganizing the infrastructure as a prerequisite for human existence and economic activity;

3. To carry on with the transformation and privatization of economic capacities, which puts further pressure on the overall economic efficiency;

4. To continue work on the introduction of market indicators in the public economic sector;

5. To transform the economy from the framework which had been planned decades in advance into a free market economy which complies with international standards;

6. To broaden the participation of the Republic of Croatia in world economic and financial institutions, and gain access to new markets;

7. To create mechanisms of social protection and ensure funds for the protection of those who, through work, cannot earn enough to survive.

Esteemed ladies and gentlemen, we share our worries and responsibilities. We also share them with the Chamber of Economy and the trade unions. The only way we can achieve economic recovery and revival is if we make a united effort.

'Actions' Indicate Croatia Preparing for War

93BA0400B Belgrade POLITIKA in Serbo-Croatian 18 Dec 92 p 15

[Article by Radoje Arsenic: "Is Croatia Preparing for War?"]

[Text] *While the highest state offices are claiming that "there will not be a new war," numerous actions indicate precisely the opposite, along with simultaneous unconcealed desires and open demands that international military force swoop down upon Yugoslavia and the Serbs in the Krajinas; why a large number of officers in the Croatian Army, mostly former members of the JNA [Yugoslav People's Army], were replaced.*

Zagreb, 17 Dec—Is Croatia preparing for war or peace?—is the question and dilemma that can once again be heard more and more often among participants in political life here. It is true that there are many people who would most like to see everything that has been cooked up and stirred up in the last two years cleared up and resolved peacefully, through negotiations and agreements, but under pressure from the current circumstances and the still ascendant "hawks" and "horsemen of death" less is heard from those who are threatening to continue the war option and everything that accompanies it.

Naturally, there is also a great deal of propaganda and empty wishes in this, but there is also a real commitment, because—let us recall—everything started when those who wanted "their own state" and the destruction of Yugoslavia at any cost began to fulfill this by violent means, provoking bloodshed and war. Such people are still dominant in Croatian politics, and one can hardly imagine that they are capable of changing their views and reasoning.

Tudjman's Different Positions

The current Croatian authorities are very dissatisfied with the fact that they cannot fulfill their main promise to their adherents—to restore their authority on the entire territory of the former Croatian SR. That is why they are casting sticks and stones at the UN peacekeeping forces, which they expect to do the job for them of bringing the seceded Serbian areas under Zagreb's authority. Every threat that they will "refuse hospitality" to UNPROFOR [UN Protection Force] if it does not "fulfill its task" (in the way that the Croatian side unilaterally views it, of course) by the end of March 1993 actually represents a threat to renew the war option, and an expression of willingness for armed aggression against the areas with a Serbian majority.

On the other hand, the current Croatian rulers would be very glad to see a foreign military force invade Yugoslavia and destroy Serbia (since they were not able to). That is also the basis for the letter that President Tudjman sent to the president of the UN Security Council a few days ago, claiming that "more energetic steps by the international community than the ones to date, primarily those of the UN Security Council, are needed" in order to resolve the present crisis in our region. As he commented, "These are productive steps similar to those that were taken in the case of the attack against Kuwait and in the current situation in Somalia."

Tudjman is thus in fact requesting and calling for armed intervention against the Federal Republic of Yugoslavia [FRY] and the Serbian people in Bosnia-Hercegovina, while just 10 days before that, at a press conference in Zagreb, he claimed that "there will not be a new war" in Croatia.

The current chairman of the Croatian Assembly, Stipe Mesic, who has recently been proposing more and more often—as he puts it—shock therapy for the FRY and the Serbs in the Krajinas, would also like to see airplanes' cargoes of death dumped on Serbia. What that "therapy" should be is explained by Mesic as follows in an interview for NOVI VJESNIK (15 December):

"We can hardly wait for foreign troops to come to expel the aggressors from the territory of Bosnia-Hercegovina. I think, however, that certain military targets of the aggressor should be bombarded. What I have in mind here is the arms factories, military airports, and even the building of the General Staff of the Army of so-called Yugoslavia."

Tus's Departure

Mesic would thus like to see Belgrade bombed. It did not occur to anyone to do this to Zagreb, for instance, when the armed rebellion began in it against the state of Yugoslavia, along with the attack against the regular federal army, i.e., 19-year-old boy recruits in the Zagreb and other barracks, and that is why that ridiculous provocation was arranged with the alleged aircraft missile attack against Banski Dvori in Zagreb's Upper City, in which not even the building against which the "missile" was allegedly aimed was hit.

When statements like this are heard from the highest representatives of the Croatian authorities, then credibility is also gained by the statements of such advocates of bloodshed, already well-known for their crimes, as Tomislav Mercep (now chief inspector of the Croatian police) and Branimir Glavas (now Osijek mayor), whose militant speeches are receiving more and more frequent hospitality in the Zagreb newspapers.

That something serious is really happening in the area of war preparations is also indicated by the recent big purge among the highest officer corps of the Croatian Army. In just the last two months, about a hundred officers have been retired or relieved of their duties, mostly those who transferred to the Croatian Army from the JNA. The biggest surprise in those replacements is the recent removal of obviously the most highly educated Croatian general, Antun Tus, who was replaced in his position as chief of the Croatian Army's main headquarters (i.e., its general staff) by General Janko Bobetko, who is believed here to be only a transitional solution until someone who does not have the

"stain" of membership in the former JNA can be found. Gen. Martin Spegelj was dropped even earlier, like an entire group of generals now, and it is already being said that it is also Admiral Sveto Letica's turn.

Who the Allies Are

Since current Defense Minister Gojko Susak, who represents the "harder" line of the HDZ [Croatian Democratic Community], whose ideological position is also illustrated in a way by the fact that during a recent visit to Israel, where he was seeking arms and assistance for the Croatian Army, he had to explain why his father and brother were Ustase, is behind those replacements and purges, then the dilemma emphasized by Zagreb's GLOBUS in its recent issue in connection with this big purge of the officer corps when it asked, "Is the Croatian Army establishing a command structure for a renewed war with the Serbian Krajinas?" becomes more understandable.

This weekly writes about it as follows: "The third cause for the changes in the Croatian Army is Croatia's preparations for ending the political crisis through the war option. Specifically, many observers commented on the latest changes in the Croatian Army, announced last Saturday, as a restructuring of Croatian Army personnel in accordance with war needs. That interpretation is only partly correct. In fact, we have received assurances that it is not even occurring to anyone in the Croatian Army that Croatia will go to war again itself. It is true that a solution to the Krajina problem is expected as early as this spring, but by no means through independent action by the Croatian Army. On the contrary, the military option is only being mentioned seriously in the contact of joint action by Croatia and certain allied countries."

Thus, Croatia is nevertheless preparing for a military solution, but not alone this time. It is still not clear here who would offer it concrete assistance in arms and troops, but in view of the present situation the allies —in view of the establishment of increasingly closer alliance relations— could be, for example, Turkey, Albania, Iran....

That is, if all of this is not just an empty tale for internal use, i.e., to postpone an outpouring of dissatisfaction on the part of its own public, which has received everything the opposite of what it has been promised to date.

Federal

Panic Appeals to Cosic Not To Resign

LD3112153092 Belgrade TANJUG Domestic Service in Serbo-Croatian 1354 GMT 31 Dec 92

[Text] Belgrade, 31 Dec (TANJUG)—I am alarmed at the possibility of your resignation from the post of president of the FRY, Federal Premier Milan Panic stresses in a letter to FRY President Dobrica Cosic today.

In the letter, which was sent to TANJUG as well, Panic stresses that "the wisdom, patriotism, and enormous reputation" which Cosic enjoys throughout the country are "highly necessary in these crucial and decisive moments in our history."

"The suffering people of our homeland expect you to continue to help us pull out of this horrible crisis which has gripped us and to avoid even more frightening threats facing us," Panic writes.

He calls on Dobrica Cosic to stay on as president of the FRY "in the name of patriotism, your deep loyalty to our people, and the programs you advocate."

Panic expresses his profound belief that his wish and sentiments are shared by "all our people who will continue to give President Cosic their full support."

Panic Leaves for U.S. To Discuss Intervention

LD0101125293 Belgrade TANJUG in English 1155 GMT 1 Jan 93

[Text] Belgrade, January 1 (TANJUG)—Yugoslav Prime Minister Milan Panic, who was voted against in a no-confidence vote in the federal parliament last Tuesday [29 December 1992], left for the United States on Thursday [31 December] evening.

Panic will there meet with representatives of the current and future U.S. Administration to discuss the threats of military intervention in Bosnia and Yugoslavia, TANJUG has learned in the prime minister's office.

Panic will discuss the issue also with U.N. representatives, the same sources added.

Prior to leaving for the U.S., Panic met with Yugoslav President Dobrica Cosic.

The Yugoslav prime minister, a successful businessman of U.S. citizenship, is leaving to the U.S. to attend the inauguration of U.S. President-Elect Bill Clinton in Washington on January 20.

Cosic Urges Croatia To Exchange Prisoners

LD3112133292 Belgrade TANJUG in English 1203 GMT 31 Dec 92

[Text] Belgrade, December 31 (TANJUG)—President of the Federal Republic of Yugoslavia (F.R.Y.) Dobrica Cosic asked Croatian President Franjo Tudjman to urge that all remaining prisoners on both sides be exchanged as soon as possible.

"I am informed that in the prisons of the Republic of Croatia there were held as prisoners still some officers, non-commissioned officers and soldiers of the former Yugoslav People's Army (JNA)," the letter sent by Cosic on eve of the New Year holidays said.

Citing that on the territory of the F.R.Y., too, there was still "a number" of members of the Croatian army captured in last year's war for Croatia's secession from Yugoslavia, Cosic added that he was "informed that the competent organs of the F.R.Y. and Croatia have reached an accord for an exchange to be effected of all remaining prisoners on both sides."

"Please use all your influence to step up the realization of this accord and enable for all members of the former JNA to be released without exception from prison and exchanged. For my part, I will do the same for the prisoners on the territory of the F.R.Y.," said Cosic.

The Yugoslav president also strongly protested the fact that the Croatian police recently kidnapped in the Republic of Slovenia retired general of the former JNA Nikola Mladenic and demanded that he be urgently freed from the prison in the Croatian city of Varazdin.

Cosic said he was in possession of information that Croatian police kidnapped General Mladenic, who was permanently residing in Herceg-Novi (Montenegro), while he was trying to visit a part of his family in Slovenia.

"General Mladenic was taken to the prison in Varazdin and subjected to a rigorous investigative procedure and trial. I energetically protest this uncivilized act and inhumane procedure and demand that General Mladenic be urgently released," the letter of Yugoslav President Cosic said in conclusion.

Serbia

Seselj Warns of Antiaircraft Weapons to Bosnia

AU3112150992 Paris AFP in English 1501 GMT 31 Dec 92

[Text] Belgrade, Dec 31 (AFP)—Serb extreme right leader Vojislav Seselj threatened Thursday [31 December] to ship anti-aircraft weapons to Bosnian Serbs if Western nations send planes to enforce a no-fly zone over Bosnia-Hercegovina.

"If the United Nations chooses to destroy planes violating the no-fly zone, we'll send anti-aircraft weaponry to the Bosnian Serbs, and if it decides to bomb our airports, we will demand that our warplanes be used over Bosnia," he said in an interview published in the Belgrade weekly NIN.

The U.N. Security Council is considering military action to enforce the air exclusion zone over Bosnia, possibly including bombing Serbian airstrips inside the former Yugoslav republic.

Seselj, leader of the ultra-nationalist Radical Party and a close ally of Serbian President Slobodan Milosevic said the ultra-nationalist, [as received] also said he saw no reason why Serbian forces would not enter into direct conflict with NATO troops involved in the U.N. peacekeeping operation in Bosnia in the event of Western military intervention.

Seselj's political weight in Serbia has risen sharply since his party won 30 percent of parliamentary seats in elections December 20 which also saw Milosevic beat a challenge for the presidency from the moderate federal prime minister Milan Panic.

Panic was then voted out of office Tuesday in a vote of no confidence submitted by Seselj.

If Seselj enters the new government, he has threatened to put Panic into prison, to conclude an agreement with Croatia on "civilised" transfers of populations, and to expel from the ethnic Albanian-majority province of Kosovo 360,000 Albanians he said did not have Yugoslav nationality.

Second Round Parliamentary, Local Elections Begin

LD0301123893 Belgrade TANJUG in English 1216 GMT 3 Jan 93

[Text] Belgrade, January 3 (TANJUG)—The second round of parliamentary and local elections in the Yugoslav Republic of Serbia, held on December 20, was to be completed on Sunday, January 3.

The elections for Yugoslav Federal Parliament were being repeated at 179 polling stations, and for the republican elections at 144 polling stations because of irregularities in the election procedure. The majority of them, around 100, are in Belgrade.

The second round was not expected to produce any significant shift in the distribution of parliamentary seats. It was, nevertheless, possible that some party loses and another gains one seat.

The local elections in Serbia were also being repeated at most polling stations because most of the candidates failed to win the necessary majority of votes two weeks ago.

Although the results for Serbian president have been annulled at 86 polling stations, it will not be repeated on Sunday because they could not influence the end result.

At the December 20 elections, current Serbian President Slobodan Milosevic beat with 56 percent of the votes his strongest contender Federal Prime Minister Milan Panic, who won 34 percent of the votes.

The second round of presidential elections was being held in the other Yugoslav republic, Montenegro, on January 10. Of the nine candidates, current Montenegrin President Momir Bulatovic and Branko Kostic, earlier a member of the presidency of former Yugoslavia, entered the second round of voting. Bulatovic won the highest number of votes from among the candidates.

Belgrade TV, United Artists Sign Agreement

AU0301205793 Belgrade RTB Television Network in Serbo-Croatian 1830 GMT 31 Dec 92

[Text] The last day in 1992, just as the whole of that year, was successful for the Radio and Television of Serbia in the business sense. Milorad Vucelic, director general of the Radio and Television of Serbia, and Mr. (Di Stefano), owner of the big Hollywood Film Company United Artists, signed on behalf of the two houses an agreement on business and technical cooperation. The agreement envisages the realization of joint projects in the sphere of film and television and particularly strengthens cooperation in the sphere of coproduction of films and television series, the offering of technical services to American producers when making films and television series, and it regulates the purchase of rights of the Radio and Television of Serbia to broadcast films and series. In this way the viewers in Serbia and Yugoslav will have an opportunity to see the latest achievements of American production along with viewers in the rest of Europe and America.

The agreement also envisages the realization of three program projects in 1993, the first among them being the film Russian Game. This also makes it possible for the national Serbian film industry and television production to join the international exchange, something that will bring considerable small financial results.

Experts Prepare Serbian Language Reform

93BA0400A Belgrade BORBA in Serbo-Croatian 15 Dec 92 p 22

[Article by Slobodan Kostic: "Serbian Without Croatian"]

[Text] Prominent domestic linguists are approaching completion of the writing of a new orthography, which will be used on the territory of the present Federal Republic of Yugoslavia [FRY], as well as those areas which will be willing to remain in a literary language community with this area. Since a new orthography has already been adopted in Croatia, it is clear that the end of the joint linguistic standard that has been sought since Ljudevit Gaj and Vuk Karadzic is approaching.

"For a long time, we lived in an atmosphere in which the common literary language of the Serbs and Croats was considered the most significant cultural 'heritage' and a test of the state's survival," BORBA was told by Mato Pizurica, who is working on the new orthography along

with Academician Mitar Pesikan and Dr. Jovan Jerkovic. The orthography will be issued by Matica Srpska.

"Furthermore," Prof. Pizurica continued, "I think that as part of this the role of the orthography has been exaggerated, and in accordance with this its structure and concept have also been extended to areas that do not belong to the orthographic field. Today, in circumstances in which politics is equated with bare survival, and so people see politics, in the barest sense of that word, in everything—part of our public sees the announcement of a new, or rather a modified, expanded, and in some areas corrected orthographic manual as a response to the military and political situation as well. In view of the above, because of those expectations (naturally, different ones, since some people may perhaps still see this work as premature or superfluous) no one should be criticized. Nevertheless, 'linguistic behavior' on the Serbian side is helping us—as before, after all, since people are not making an effort to speak differently than they speak, nor to approach writing with the intention of using orthographic solutions that are different and contrary to the existing orthography to spite the other side, nor are Serbian linguists calling for such a superfluous and fruitless job," Mato Pizurica told us.

"The best test of the validity of orthographic solutions is the extent of the success of their use, especially in education, journalistic and publishing firms, and circles that foster literacy or are rightly expected to do so," said Prof. Pizurica. "We will make an effort to respond to that demand."

As we were informed at Matica Srpska, the key texts in the area of orthographic rules have already been completed. Chapters have been written on the alphabet (giving comprehensive information about our alphabets), along with chapters on the capital letter, the combined and separate writing of words, and the Ekavian and Ijekavian literary dialects. We learned that an extensive chapter on writing foreign names is also ready, and part of a chapter on vowel changes has also been finished. Topics on vowels, punctuation, abbreviations, and words from classical languages remain to be treated. When the work on the text of the rules is finished, they will start writing an orthographic vocabulary that should contain the key words used in the text of the rules.

"The need to draft and issue a modernized orthography already arose several years ago, and now it is even greater and more urgent," said Academician Mitar Pesikan in an internal report to Matica Srpska. "A long time ago, in fact, it became clear that certain modifications and corrections to the orthographic standards given in Matica's first orthography (1960) were essential. A vital step was taken in that direction with the drafting of the Addenda to the Orthography that Matica Srpska published in 1989; they were drafted and coordinated by a group of linguists from Belgrade, Novi Sad, Sarajevo, and Niksic," Academician Pesikan thought. At that time an Inter-Academy Committee of the five academies was formed (SANU [Serbian Academy of Sciences and Arts], JAZU [Yugoslav Academy of Science and Art], BANU [expansion unknown], ANBiH [Academy of Sciences of Bosnia-Hercegovina], and CANU [Montenegrin Academy of Sciences and Arts]), which discussed the main unresolved issues of Serbo-Croatian orthography, adhering in their assessments to a strictly professional viewpoint, which made successful work possible. This provides a good basis for the finalization that is taking place now, i.e., it is necessary to draft a comprehensive and complete orthographic manual.

In accordance with the intended use, the text of the manual is not aiming (like the old orthography) at formal symmetry of eastern and western material, i.e., the Serbian and Croatian standards or usages, but is instead primarily working with examples usual in the more eastern Stokavian cultural area; it is neither excluding nor repudiating those others, however. Nevertheless, equal attention is devoted to Ekavian and Ijekavian, and the chapter on the alphabet was not limited to Cyrillic, but also discusses the Latin alphabet, explained one of the authors of the new orthography, Academician Mitar Pesikan.

Although most of the chapters have been written, the name of this new orthographic manual has not been definitely determined. It seems to the organizers that the most appropriate name would be "1992 Orthography of Matica Srpska" (following the year of its writing, or 1993, taking into account its finalization). In addition to this version, Academician Pesikan is also leaving open the possibility of another title: "Orthographic Rules and Recommendations." These are the two most definite alternatives, although the possibility of seeking some more suitable solution has also been left open.

Witnesses Detail Alleged Serbian Atrocities

AU3112115992 Frankfurt/Main FRANKFURTER ALLGEMEINE in German 30 Dec 92 p 3

[Report by Georg Reissmueller: "Beaten Until the Entire Body Was Black"]

[Text] Zagreb, December—The Serbian Armed Forces regularly inflict cruel torture on their prisoners of war; they even kill them. This has been confirmed by Croatian and Bosnian-Muslim soldiers and civilians who, having been taken prisoner by the Serbs, survived the camps and were released—most of them through prisoner exchanges. Today they are living in Zagreb among other displaced persons and refugees. Some are receiving treatment in makeshift hospitals.

Croatian soldiers who were taken prisoner at the end of 1991 during the fighting for the Croatian city of Vukovar (in Slavonia) have reported the following: Several of them were taken to the well-known Serbian prison in the town of Sremska Mitrovica after being captured. There was sufficient room because most criminals had volunteered for the front, thereby being able to end their prison terms. First, the Croats were made to run a gauntlet of several hundred meters between two rows of

policemen who beat them. In the prison cells, which were soiled with machine oil, there were 86 bunks for 183, subsequently 203, prisoners. Since these bunks only consisted of worn out wire netting, it was impossible to sleep on them; the prisoners would spend the night sitting at tables.

It was only when Croatia was recognized under international law on 16 January 1992 that the Serbs reported the prisoners to the International Committee of the Red Cross [ICRC]. After two weeks, the guards brought mattresses and blankets, and later Serbian uniforms; the prisoners' personal clothing had become dark-red and matted with blood.

The reason for this was that the prisoners had sometimes been beaten with sticks, clubs, and electric cables during the days prior to their interrogations. These interrogations were intended to force the Croats to confess to slaughtering Serbs. Those who refused to confess were beaten even more. One Croat who was imprisoned in the southern Serbian city of Nis was so badly beaten that his entire body turned black. This prisoner was originally taken from Sremska Mitrovica to the Serbian town of Aleksinac, where five military policemen beat him with truncheons, mainly to his head.

Later in Nis, he learned what had happened to a prisoner from the Vukovar front. His name was Stipe Mesic, they said, just like the last president of the Yugoslav State Presidency, who had been nominated by Croatia. Because he had the same name, he suffered particularly severe beatings by the Serbs. After he died, his brother, who had also been captured, was forced to sign a document saying that Stipe Mesic had died of a heart condition. He initially refused to do so, but eventually put his signature to the paper after he was severely tortured. The brother survived.

Officers of the KOS military secret service also participated in these orgies of violence. Some prisoners in Sremska Mitrovica were forced to swallow two spoonfuls of salt without water. What scarce food rations there were always contained a lot of pepper. Many of the undernourished prisoners—some weighed only 40 kg—suffered circulatory collapse. There were many days when the Croats did not get any water from morning till night. As a result of kicks to their kidneys, many had blood in their urine. Those who fainted had cold water poured over them.

Kicks in Hospital

The doctors did not participate in the beatings. However, one doctor with the rank of captain told a prisoner: "We should have killed you."

The prisoners tried to avoid medical examinations, because they were beaten on their way to and from the hospital, and even in the hospital itself. This treatment was so cruel that one day a female Serbian doctor interfered and shouted: "Stop it, you animals!" The prisoners were told to conceal the reason for their injuries in their interview with the female doctor, and, for example, say: "I fell down the stairs." This is also what the medical report read.

Each prisoner was given two or three questions in the interrogations, which he had to answer at great length in writing. Most questions dealt with alleged crimes committed by the Croats: Who carried out massacres against Serbs? Who killed Serbian children? If the military police were not satisfied with the answers, the prisoner had to try again. One Croat was forced to confess—even though it was not true—that he had killed a Serb; another one that he had witnessed a crime committed by the man he shared a cell with. It soon emerged that the Serbs were presenting their soldiers who fell in the fighting for the Croatian city of Vukovar as civilians who were murdered by Croats.

Those who were particularly weak as a result of torture and starvation confessed to anything taht was demanded of them. Generally, prisoners who had been told that they would appear as witnesses in military courts were ready to confess to anything. Those who were told that they would be put on trial tried to avoid making the demanded false confessions.

Despite all the cruelties to which they were exposed in the prisons or camps, they were actually happy to be there. After all, the worst atrocities the prisoners suffered happened in transit. The cruelest torturers were members of special Chetnik units controlled by Arkan or Seselj. Such Serbian fighters obviously enjoyed special privileges. They were exempt from orders even of officers of the Serbian "Yugoslav People's Army."

ICRC delegations who visited Croatian prisoners in Sremska Mitrovica could not bring themselves to look at those prisoners who had been treated the worst. Once, such a delegation walked out of the prison as a protest because so many prisoners appeared to be so completely beaten up and broken; the female members of the delegation could not hold back their tears at the sight of the prisoners.

License To Kill

A craftsman from eastern Slavonia suffered a fate that was unusual even under those terrible circumstances. Along with three other Croats, the poor man was handed over to a Serbian soldier to be shot. The captain said: "You can do with them what you want." For reasons that were a mystery to him, the craftsman was released. Without knowing the area, the man was captured again, put onto a truck, and taken away by two military policemen for execution. The policemen told him to get off the truck on a field and shot him in the head. The Croat was severely injured, but managed to get up after a while and stumble into the next village, which was now inhabited by Serbs who had been sent there by the Belgrade government after it had been captured. Finally, the Croat was taken to Sremska Mitrovica and subsequently to the military prison in Belgrade. There he was

beaten by the military police upon arrival and also before he was released and exchanged.

Even on their journey to the place where they were to be exchanged, the prisoners were maltreated. Military policemen beat them and forced them to keep their heads between their knees for 12 hours. Anyone who lifted his head so much as one inch was exposed to even more beating. In several villages that the busses passed through, Serbian civilians of both sexes, as well as children, were waiting with pickaxes and truncheons in hand demanding that the vehicles stop and the Croats get off so that they could beat them. In each Serbian village, the prisoners had to raise their hands with thumb and two fingers outstretched—the symbol of the orthodox Serbs. On their journey from Belgrade to a place near the city of Osijek, the Croatian prisoners were accompanied by Russian UN soldiers in the buses. The Russians stood idly by when the prisoners were maltreated and even stripped them of anything among their last belongings that appealed to them.

Reports by Bosnian Muslims, soldiers and civilians alike, who were taken hostage by Serbs, are basically not much different from those made by Croats. The Muslims were constantly beaten in the camps, even with chains and wooden planks. The Serbs would not say why they were torturing them. However, they frequently stated: "You do not have a religion."—"You are only converted Serb orthodox."—"Yours is an artificial nation." One Muslim had a cross cut into his face by Serbs, and then was shot, his body thrown into the Sana River. Another Muslim was made to witness the Serbs shooting his four sons before he was killed himself.

A 19-year-old woman was supposed to be killed but managed to escape; other prisoners were forced into a small room with closed windows and it became increasingly difficult to breathe; they broke out only to meet machine gun fire from Serbian soldiers. The prisoners got so little food that they would always fling themselves at the food buckets so that no more than maybe 10 prisoners got anything to eat at all.

The surviving Muslims deny that there is any difference between the regular Serbian Army in Bosnia and Chetnik units, as far as inhumane treatment is concerned. It has been said that the personnel is frequently exchanged between the two. Army soldiers indulge in rape no less than the Chetniks. However, the Muslims have said that they have noticed that the Serbian Army was getting tired of fighting. Serbian soldiers in Bosnia were allegedly chained to concrete foundations before battles to stop them from leaving the frontline or defecting.

Macedonia

Television Reporter Describes Visit to Kuceviste

AU0201205893 Pristina TVP Television Network in Serbo-Croatian 1830 GMT 2 Jan 93

[Studio interview with Pristina television correspondent Mihailovic by unidentified announcer—live] [Text] [Announcer] Half an hour ago, our team returned from the village of Kuceviste where, following yesterday's report on the Macedonian police attack against young ethnic Serbs, it filmed a report on what happened there. Although the team completed a report, it left without the film. Thanks to the local Serbs, however, the film arrived at our studio a short time ago.

Colleague Mihailovic, you obviously had an unpleasant experience with the Macedonian Internal Affairs Ministry. What was it all about?

[Mihailovic] Yes, we did have an unpleasant experience with the Macedonian Internal Affairs Ministry. Our team managed to get to the village of Kuceviste today. We had just begun work there, that is, we had begun collecting information, when members of the Internal Affairs Ministry special units interrupted us and brought us to the police station in the village of Mirkovci. After waiting half an hour, we were told in a most kindly manner that we must leave Macedonia, and of course, not continue to work. We have done so. The little bit of material that our cameraman filmed secretly—I think that we shall be able to see it soon—we did not dare take with us lest it be taken from us. It was brought by our friends from Macedonia and the complete report will be edited for the next Dnevnik newscast.

[Announcer] What is the situation in Kuceviste?

[Mihailovic] Well, the situation has calmed to a certain extent, but it is still tense. A strong police presence is evident at the entrance to the village and in the village itself. As I said earlier, the nearest police station in Mirkovci has been reinforced with special units.

The villagers are indignant. Enough is known about the incident itself. It began when a Internal Affairs Ministry patrol tried to remove a flag from the Culture Hall where Kuceviste residents were celebrating the New Year. The incident, a confrontation, followed. Afterward, reinforcements of about 150 Internal Affairs Ministry troops, strengthened by special units, arrived.

The locals claim that in the clash that followed, physical force and tear gas were used and that the Internal Affairs troops fired warning shots. Several local residents were beaten— we talked with them and saw their bruises—and three Serbs were detained: Zivko Kirandzic, Toni Slavkovic, and Zlatko Nedeljkovic. As we heard in the announcement [preceding report in the newscast], they were released after negotiations with the police forces.

It may be interesting to note that during our visit a CSCE mission was also in Kuceviste.

Montenegro

Prime Minister Protests Panic Dismissal

LD3112134192 Belgrade TANJUG in English 1235 GMT 31 Dec 92

[Text] Podgorica, Dec 31 (TANJUG)—The initiative to dismiss Yugoslav Prime Minister Milan Panic is first-rate nonsense, Montenegrin Prime Minister Milo Djukanovic said in the New Year issue of Podgorica's daily POBJEDA on Thursday [31 December].

Djukanovic said it could not be contested that Panic should be the federal prime minister in the future, moreover, since he had himself publicly said he would concentrate on uniting the opposition in Serbia. The Federal Assembly, however, should have waited a week or two and let Panic leave the stage in a regular way, as becomes a civilized and democratic world, Djukanovic said.

"Instead, an initiative was launched in which the powerful victor wants to crush the defeated and which, unfortunately, gives the international community reason to continue doubting the quality of the democratic processes which have been started here," Djukanovic said.

The federal parliament voted no-confidence in Panic and his government on Tuesday. The initiative was launched by leader of the extremist nationalist Serbian Radical Party Vojislav Seselj, supported by delegates of the ruling Socialist Party of Serbia. The parliament decided that Yugoslav Deputy Prime Minister Radoje Kontic act in Panic's place.

At the Wednesday session attended by Yugoslav President Dobrica Cosic, Panic's government said the parliament's decision on acting prime minister was unconstitutional and said the government, headed by Panic, would remain until a new government is elected.

Milan Panic, a Serbian-born U.S. businessman who took over as prime minister on July 14, was the chief rival of Serbia's current president Slobodan Milosevic in the presidential elections on December 20.

The ruling Socialist Party of Serbia won the largest number of seats in the early parliamentary elections held also on December 20, but it failed to win the majority needed to form a government by itself. The second strongest party in the parliament is the Serbian Radical Party.

More Workers Laid Off in Metal Industry

AU3112173192 Belgrade Radio Beograd Network in Serbo-Croatian 1400 GMT 31 Dec 92

[Report by Jagos Stojanovic from Podgorica]

[Excerpt] The Niksic Steel Mill stopped production this morning, while in the Podgorica aluminum combine, only every second cell [celija] is working. A significant number of people working in the metal processing industry is on forced leave.

The news conference of the opposition Social Democratic Party of Reformists ended a few minutes ago. The party is not satisfied with the elections and is condemning the replacement of Milan Panic. The party described the ruling political circles as the war mongering circles and is calling for the formation of an antifascist coalition in Montenegro. This is the gloomiest part of the otherwise jolly atmosphere in Podgorica and the republic prior to the new year. [passage omitted]

Kosovo

Eight Albanians Injured in Police Raid on Market

LD0101232493 Zagreb Radio Croatia Network in Serbo-Croatian 2300 GMT 1 Jan 93

[Text] Serbian police carried out a several-hour raid at the Pristina market under the pretext that Albanians are selling cigarettes illegally, the information center of the Democratic Alliance of Kosovo has announced. Eight Albanians were wounded.